

United States Supreme Court

October Term, 1918

No. 614

Meccano, Limited,

Petitioner-Plaintiff,

—vs.—

John Wanamaker, New York,

Respondent-Defendant.

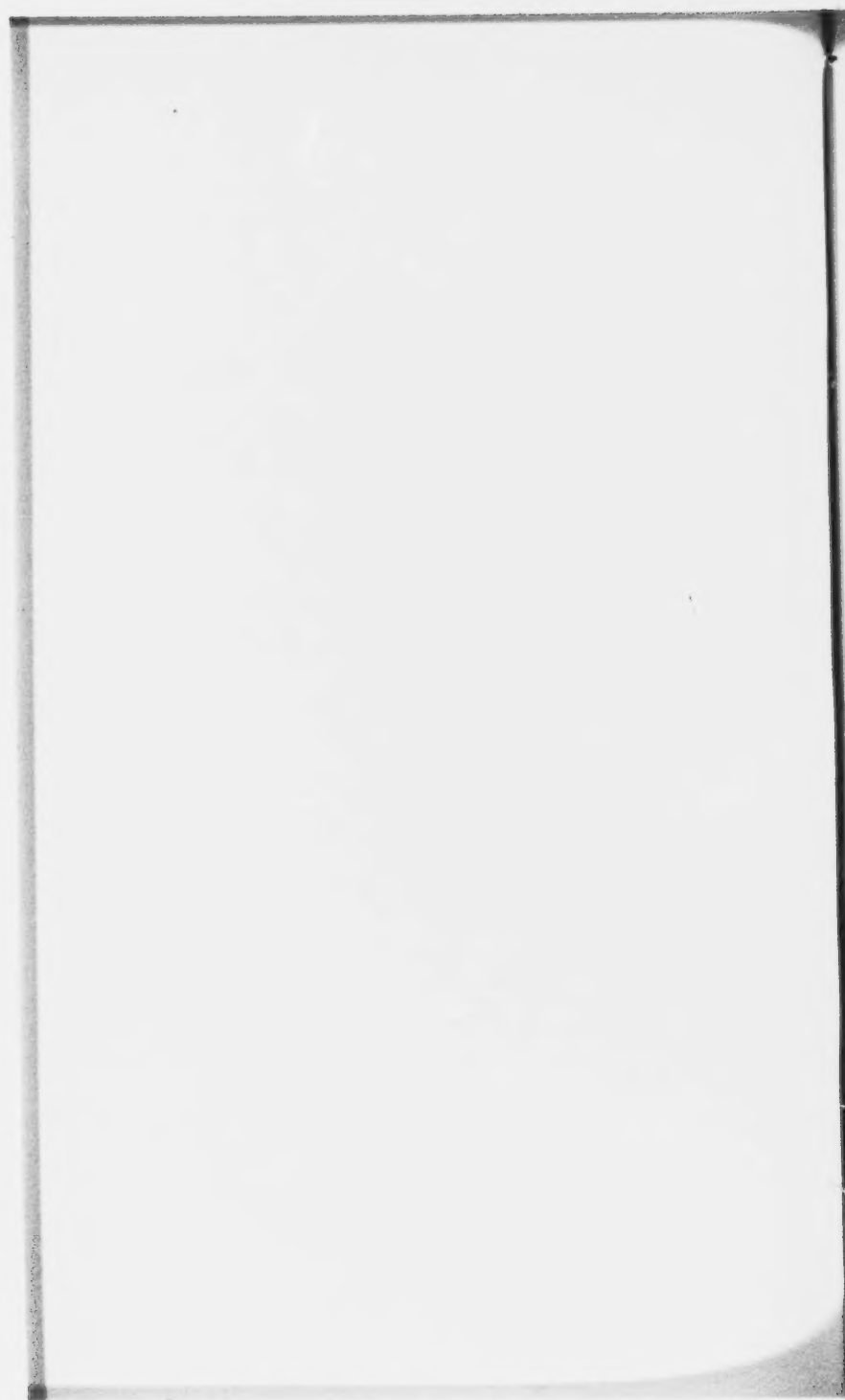
On Certiorari to the
United States Circuit
Court of Appeals for
the Second Circuit.

BRIEF FOR RESPONDENT ON PETITIONER'S MOTION TO ADVANCE

We have been served with a copy of petitioner's motion and brief to advance the hearing of this case. While not deeming it necessary to discuss any statement of alleged fact or proposition of law suggested by plaintiff, our position as to this motion is as follows:

(1) That we have no objection to having this case advanced for hearing to a date near the end of October or early in November, 1919, or as soon thereafter as the Court may fix.

(2) But that we submit plaintiff ought to be required by this Court to **suspend** all proceedings in plaintiff's suit against F. A. Wagner, *et al.*, now pending before a Master to take an account under an interlocutory decree lately granted by the District Court for the Southern District of Ohio, Western Division, pursuant to an affirmance by the Court of Appeals for



the Sixth Circuit—being the suit in relation to which we lately filed our Mandamus Petition in this Court.

(3) The same toys or articles are involved in both of these suits—this suit in New York and the suit in Ohio—and the same broad question of the right of a plaintiff to maintain an action for unfair competition on the ground of alleged simulation of articles of trade where the patent that formerly covered such articles has been declared null and void, is also involved in both cases. Hence we submit that this motion to advance is not inappropriate, but that this Ohio case ought to be **suspended**, and that plaintiff be ordered by this Court to do so, pending the decision of this Court in plaintiff's case which is to be advanced under this motion.

(4) Also that plaintiff should be required to print the record herein and file its brief on or before August 1, 1919.

Wherefore we show the Court:

(a) That we concur in this motion to advance;

(b) That in this connection we ask that plaintiff be required by order of this Court to suspend the further prosecution of the Ohio case pending this Court's decision on the merits of this case;

(c) Or, in the alternative, that this Court require the Federal Courts in Ohio to suspend proceedings in the Ohio case, as we prayed in our Rehearing Petition, filed a few days ago in connection with our late Mandamus Petition—In *Re Exparte Simons*, 247 U. S. 231.

Respectfully submitted,

H. A. TOULMIN,

H. A. TOULMIN, Jr.,

Counsel for Respondent-Defendant.

H. A. TOULMIN,

Of Counsel.

May, 1919.



IN THE
SUPREME COURT OF THE UNITED STATES.
OCTOBER TERM, 1919.

No. 187.

MECCANO LIMITED, PETITIONER-PLAINTIFF,
vs.

JOHN WANAMAKER, NEW YORK,
RESPONDENT-DEFENDANT.

**PETITIONER-PLAINTIFF'S MOTION FOR PERMISSION
TO SUBMIT AND FILE A DISCLAIMER.**

IN THE SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1919.

No. 187.

MECCANO LIMITED, *Petitioner,*
vs.

JOHN WANAMAKER, NEW YORK, *Respondent.*

**Notice of Petitioner-Plaintiff's Motion for re Submission of
Disclaimer.**

To H. A. TOULMIN, ESQ.,
H. A. TOULMIN, JR., ESQ.,
Counsel for Respondent,
Schwind Building, Dayton, Ohio.

GENTLEMEN:

Please take notice that, at the hearing of this cause before
the United States Supreme Court, we shall move for permis-

sion to submit the accompanying disclaimer for consideration by said Court and for such disposition as to filing and entry thereof in the Supreme Court or in the courts below as said Supreme Court may deem proper.

Copies of this notice and of the accompanying disclaimer are being served upon you by registered mail of this day.

Respectfully,

REEVE LEWIS,
Of Counsel for Petitioner.

Washington, D. C., December 23, 1919.

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE SOUTHERN DISTRICT OF NEW YORK.

In Equity. No. 14/43.

MECCANO LIMITED, *Plaintiff*,

vs.

JOHN WANAMAKER, NEW YORK, *Defendant*.

Disclaimer.

And now comes the above-named plaintiff, Meccano Limited, and hereby disclaims and remits and renounces and forever quit-claims in favor of John Wanamaker, New York, the above-named defendant, any and all remedy and relief and recovery of whatsoever nature which may or might be granted to said plaintiff under its bill of complaint herein, *except* in so far as the same relates to said defendant's handling or dealing in or selling or offering for sale the structural-toy product known as "American Model Builder" and the printed manuals and instruction books relating to the same, procured by said defendant from (originally) Francis A. Wagner (trading as "The American Mechanical Toy Co."), or from (subsequently) The American Mechanical Toy Co., an Ohio corporation, and in so far as the same constitutes unlawful competition with plaintiff's "Meccano" product and manuals, and in so far as the same constitutes infringement of plaintiff's registered copyrights No. 291,375, dated June 22, 1911, and No. 294,670, dated August 14, 1911.

In witness whereof said Meccano Limited, the above-named plaintiff, has caused this instrument to be executed this 23rd day of December, 1919, by its duly authorized attorney-in-fact.

MECCANO LIMITED,
By REEVE LEWIS,
Attorney-in-fact.

DISTRICT OF COLUMBIA, ss:

On the 23rd day of December, 1919, before me, a Notary Public, personally appeared Reeve Lewis, to me well known, and being by me first duly sworn, did say that he is of lawful age, a resident of Washington, D. C., and a member of the law firm of Mauro, Cameron, Lewis & Kerkam, of Washington, D. C.; that he has been duly appointed and authorized and has full power, as attorney-in-fact for Meccano Limited, the plaintiff in the above-entitled suit, to execute, in behalf of said Meccano Limited, the foregoing "Disclaimer," and that he has executed said disclaimer on behalf of and as the act of said Meccano Limited, as and for the purposes therein set forth.

[SEAL.]

J. E. NELL,
Notary Public.

IN THE SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1919.

No. 187.

MECCANO LIMITED, *Petitioner,**vs.*JOHN WANAMAKER, NEW YORK, *Respondent.***Supplemental Notice Regarding Petitioner-Plaintiff's Motion
re Submission of Disclaimer.**

To H. A. TOULMIN, ESQ.,

H. A. TOULMIN, JR., ESQ.,

*Counsel for Respondent,**Schwind Building, Dayton, Ohio.*

GENTLEMEN:

Since serving upon you, by registered mail of December 23, 1919, copy of a Disclaimer executed in the name of "Meccano Limited, by Reeve Lewis, Attorney-in-Fact," we have received from abroad the hereto attached Disclaimer in the same terms, executed by Meccano Limited itself with its seal affixed thereto. Please take notice that we will request the Supreme Court to use this disclaimer executed by Meccano Limited itself, in place of the disclaimer executed in the name of Meccano Limited by its attorney-in-fact.

We have obtained the attached disclaimer, executed by Meccano Limited itself, to avoid any question as to the sufficiency of the disclaimer executed by the attorney-in-fact.

Respectfully,

(Signed)

REEVE LEWIS,

Of Counsel for Petitioner.

Washington, D. C., Dec. 30, 1919.

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE SOUTHERN DISTRICT OF NEW YORK.

In Equity. No. 14/43.

MECCANO LIMITED, *Plaintiff*,

vs.

JOHN WANAMAKER, NEW YORK, *Defendant*.

Disclaimer.

And now comes the above-named plaintiff, Meccano Limited, and hereby disclaims and remits and renounces and forever quit-claims in favor of John Wanamaker, New York, the above-named defendant, any and all remedy and relief and recovery of whatsoever nature which may or might be granted to said plaintiff under its Bill of Complaint herein, *except* in so far as the same relates to said defendant's handling or dealing in or selling or offering for sale the structural-toy product known as "American Model Builder" and the printed manuals and instruction books relating to the same, procured by said defendant from (originally) Francis A. Wagner (trading as "The American Mechanical Toy Co."), or from (subsequently) The American Mechanical Toy Co., an Ohio corporation, and in so far as the same constitutes unlawful competition with plaintiff's "Meccano" product and manuals, and in so far as the same constitutes infringement of plaintiff's registered copyrights No. 291,375, dated June 22, 1911, and No. 294,670, dated August 14, 1911.

In witness whereof said Meccano Limited, the above-named plaintiff, has caused this instrument to be executed this 16th day of December, 1919.

[Seal of Meccano Limited.]

MECCANO LIMITED,
By F. HORNBY,
Managing Director.

U. S. CONSULAR OFFICE,
City of Liverpool, England, ss:

On the 16th day of December, 1919, before me personally appeared the above-named Frank Hornby, Managing Director of Meccano Limited, a British corporation, and he being by me first duly sworn did say that he resides in Liverpool, England, that he is Managing-Director of said Meccano Limited, plaintiff in the above-entitled suit, and that, by virtue of said office, he is empowered and has full authority to execute the foregoing Disclaimer, and that the same has been executed by him in behalf of and as the act of said Meccano Limited, as and for the purposes therein set forth, and that the seal affixed thereto is the seal of said Meccano Limited.

[Seal of U. S. Consulate, Liverpool.]

HUGH H. WATSON,
U. S. Vice Consul.

IN THE SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1919.

No. 187.

MECCANO LIMITED, *Petitioner,**vs.*JOHN WANAMAKER, NEW YORK, *Respondent.***Affidavit of Service.**DISTRICT OF COLUMBIA, *ss.:*

I, B. Wegenast, being duly sworn, says:

I am a resident of Washington, D. C., and of lawful age.

On the 23rd day of December, 1919, I deposited in the registered mail at Washington, D. C., an envelope addressed to "H. A. Toulmin, Esq., H. A. Toulmin, Jr., Esq., Schwind Building, Dayton, Ohio," the same containing copies of the hereto attached originals of "Notice of Petitioner-Plaintiff's Motion re Submission of Disclaimer" and of the "Disclaimer" referred to in said notice, executed by "Meccano Limited, By Reeve Lewis, Attorney-in-fact." I obtained registered mail receipt hereto attached.

On the 30th day of December, 1919, I deposited in the registered mail at Washington, D. C., an envelope addressed to "H. A. Toulmin, Esq., H. A. Toulmin, Jr., Esq., Schwind Building, Dayton, Ohio," the same containing copies of the hereto attached originals of "Supplemental Notice Regarding Petitioner-Plaintiff's Motion re Submission of Disclaimer" and of "Disclaimer" referred to in said notice, executed by "Meccano Limited, By F. Hornby, Managing-Director." I obtained registered mail receipt hereto attached.

I. B. WEGENAST.

Sworn to and subscribed before me this 31st day of December, 1919.

[SEAL.]

J. E. NELL,
Notary Public, D. C.



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COURT DECISIONS IN THE TWO SUITS HERE INVOLVED.

IN THE OHIO SUIT.

Meccano Limited ex. Francis A. Wagner (trading as *The American Mechanical Toy Company*) and *The Strobel & Wilken Company*.

(1) District Court, S. D. of Ohio, W. D.—Judge Howard C. Hollister; decision June 12, 1916 (234 Fed., 912), sustaining charges of unfair competition and infringement of two registered copyrights, Nos. 291,375 and 294,670, against the "American Model Builder" toy product manufactured by said Wagner (R., 64).

(2) C. C. A., 6th Circuit.—Judges Warrington, Knappen, and Denison; decision October 11, 1916 (235 Fed., 890), authorizing the district court "to receive and consider the application [for introduction of newly discovered evidence] from the same point of view as if it had been made before the appeal was perfected."

(3) District Court, S. D. of Ohio, W. D.—Judge Howard C. Hollister; decision November 11, 1916, holding "that the subject-matter of the so-called newly discovered evidence is not of such nature as to warrant the court in changing the views heretofore expressed in this case." (For reference to this decision see Transcript of Record, bottom of page 136, top of page 137.)

(4) C. C. A., 6th Circuit.—Judges Warrington, Knappen, and Denison; decision February 6, 1917 (239 Fed., 901), denying defendant's motion to enjoin prosecution of this Wanamaker New York suit and to hold plaintiff in contempt.

(5) C. C. A., 6th Circuit.—Judges Warrington, Knappen, and Sanford; unanimous decision written by Judge Warrington, dated November 16, 1917 (246 Fed., 603), affirming district court in sustaining charges of unfair competition and copyright infringement against the "American Model Builder" product (R., 131).

(6) C. C. A., 6th Circuit. Order of January 14, 1918, denying defendant's first petition for rehearing and again approving the conclusions of the district court upon the issues of unfair competition and copyright infringement (R., 139).

(7) C. C. A., 6th Circuit. Order of May 15, 1918, denying defendant's second petition for rehearing and again affirming the conclusions of the district court upon the issues of unfair competition and copyright infringement. (Certified copy filed with the papers in this Wanamaker suit.)

IN THIS WANAMAKER NEW YORK SUIT.

Meccano Limited *vs.* John Wanamaker, New York.

(1) District Court, S. D. N. Y.—Judge A. N. Hand; decision January 9, 1917, granting preliminary injunction on the same charges of unfair competition and copyright infringement, and against Wanamaker's dealings in the same "American Model Builder" product as involved in the Ohio suit (R., 115).

(2) C. C. A., 2d Circuit.—Judges Rogers, Learned Hand, and Mayer; decision written by Judge Learned Hand, March 24, 1918 (250 Fed., 250), denying plaintiff's motion invoking the decree in the Ohio suit as *res adjudicata* in this Wanamaker suit (R., 145).

(3) C. C. A., 2d Circuit.—Judges Ward, Rogers, and Learned Hand; decision by Judge Ward, April 15, 1918 (250 Fed., 450), reversing the order of the district court granting preliminary injunction (R., 149). *Dissenting opinion* by Judge Learned Hand, 250 Fed., 453 (R., 151).

(4) C. C. A., 2d Circuit. Order of May 23, 1918, denying plaintiff's petition for rehearing with respect to both the above-named decisions of the C. C. A., 2d Circuit (R., 178).

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* 9. Final decree in Wanamaker-Structo-Suit. (Printed as <i>Appendix D</i> to this brief, see p. 122.).....	61
10. Motion to amend and proposed amendment to bill of complaint in this Wanamaker, New York, suit.....	66
11. Memorandum decision of October 14, 1919, by New York district court denying motion to amend bill of complaint in this Wanamaker suit.....	66
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NOTE.—(a) at page 67, this brief refers to petitioner-plaintiff's motion for permission to submit and file a disclaimer in this Wanamaker suit.

(b) at page 58, this brief also refers to the bill of complaint in the Wanamaker-Structo-Suit, appearing in the transcript of record in this court, in No. 1054, October term, 1918.

*These papers are printed in the Appendices to this brief.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1919.

No. 187.

MECCANO LIMITED, PETITIONER-PLAINTIFF,

vs.

**JOHN WANAMAKER, NEW YORK,
RESPONDENT-DEFENDANT.**

BRIEF FOR PETITIONER-PLAINTIFF.

Part 1—Statement of Case.

This cause is here upon writ of certiorari to the Court of Appeals for the Second Circuit. It is an equity suit originating in the Southern District of New York, in which the causes of action are unfair competition and copyright infringement.

Petitioner-plaintiff, Meccano Limited, a British corporation, is the owner of all rights in and to a toy-building product known as "Meccano," and is also the owner of registered copyrights No. 291,375, dated June 22, 1911, and No. 294,670, dated August 14, 1911, on books or manuals of instruction forming part of said Meccano product.

Respondent-defendant, John Wanamaker, New York, a New York corporation, has offered for sale and sold a toy-building product (including books or manuals of instruc-

tion) known as "The American Model Builder," manufactured or produced by Francis A. Wagner (trading as The American Mechanical Toy Co.), of Dayton, Ohio. In an earlier suit in Ohio (Sixth Circuit) against said manufacturer and one of his customers, The Strobel & Wilken Co. (who bought the product from Wagner and sold to retailers), said "American Model Builder" product *per se*, including the books or manuals of instruction, has been adjudged to be in unfair competition with petitioner-plaintiff's aforesaid Meccano product, and said books or manuals of instruction adjudged to be infringements of petitioner-plaintiff's aforesaid registered copyrights.

It is herein charged that the dealings of Wanamaker (another customer who buys from Wagner and sells at retail) in the *same* American Model Builder product (including books or manuals of instruction) constitute unfair competition and infringement of said registered copyrights.

After a decision and decree by the Ohio District Court (W. D. S. D. of Ohio, Judge Hollister), in said Ohio suit, sustaining the charges of unfair competition and copyright infringement, and while that suit was still pending on appeal to the Court of Appeals for the Sixth Circuit, petitioner-plaintiff filed this New York suit against the customer Wanamaker, for its dealings in and sale of the *same product* as was involved in said Ohio suit. Under an obligation or "assurances to hold defendant [respondent Wanamaker] harmless for any loss or liability by reason of the purchase and sale of toys manufactured by The American Mechanical Toy Company" (the *alter ego* of Wagner), said manufacturer-defendant in the Ohio suit assumed the defense of this Wanamaker suit, thereby becoming the *real defendant* and leaving Wanamaker only the nominal defendant and "only formally represented" (R., top 146). Motion for preliminary injunction herein was granted by the district court of New York (R., 115) and an appeal taken and argued before the Court of Appeals, Second Circuit. Thereafter, while said appeal herein was awaiting decision, the Court of Ap

peals, Sixth Circuit, affirmed the Ohio District Court upon the issues of unfair competition and copyright infringement and denied petition for rehearing in the Wagner Ohio suit. Plaintiff-petitioner thereupon promptly moved (following and citing the practice approved by this Court in *Hart Steel Co. et al. vs. Ry. Supply Co.*, 37 S. C. R., 506; 244 U. S., 294)* before the Court of Appeals, Second Circuit, for a decision on the merits, contending that the judgment in the Wagner Ohio suit is "final and conclusive as to the case at bar," etc., it appearing from the preliminary injunction appeal record herein, that, as before stated, the defendant Wagner (The American Mechanical Toy Co.) of the Ohio suit is defending Wanamaker in this suit on the same causes of action, same product, and same issues as were involved in the Ohio suit. As stated in this Court's recent decision (cited in footnote**):

"This motion for a judgment [decision] on the merits was bottomed on the claim that the two cases involved the same issues, that Wagner had assumed

*In the *Hart Case*, *supra*, while an appeal was pending in the Court of Appeals for the Seventh Circuit, from a decree of the District Court dismissing the bill charging patent infringement, a final decree or order (page 1386 of Hart Case record in this Court) was entered by the Court of Appeals for the Sixth Circuit in another suit upon the same patent, subject-matter and issues, and in which there was identity or privity of parties. The Sixth Circuit decree was promptly invoked (by motion, just as in the case at bar) before the Court of Appeals for the Seventh Circuit as conclusive and *res adjudicata* in the case there pending.

This (Supreme) Court found that the "ruling effect" of said decree had, by such motion, been "presented in an appropriate manner to the Court of Appeals for the Seventh Circuit"; that the "latter Court fell into error in not sustaining the motion"; and that the moving party, the defendant (the plaintiff Meccano Limited, in the case at bar), "should not have been put to further expense, delay and trouble after the motion was presented."

**This Court has already considered the general situation in the two suits in rendering its decision of April 14, 1919 (39 S. C. R. 375), in No. 29 Original, October Term, 1918, *Ex parte in the Matter of F. A. Wagner (trading as The American Mechanical Toy Co.) et al., Petitioners*, by which decision this Court dismissed said petition of said manufacturer (Wagner) for writ of mandamus to stay the accounting in the Ohio suit to await this Court's decision herein. Petition for rehearing was denied May 19, 1919. We will designate that matter as the "Wagner Mandamus Proceeding."

the defense in the New York case and that the decree rendered by the Circuit Court of Appeals for the Sixth Circuit constituted an estoppel by judgment when pleaded in the case in the Second Circuit."

The Court of Appeals, Second Circuit, denied (R., 145) petitioner-plaintiff's said motion for decision on the merits, and thereafter (R., 149) reversed (with a dissenting opinion by Judge Learned Hand, R., 151) the preliminary injunction order. Plaintiff then petitioned for writ of certiorari for the enforcement in this suit (defended by the Ohio defendant Wagner) of the judgment in the Ohio suit. This Court granted and issued its writ.

The broad question is the ruling effect to be given in this suit against the customer Wanamaker (which we shall designate as this Wanamaker New York suit) to the decree in said earlier suit in the Sixth Circuit against said manufacturer, Francis A. Wagner, trading as The American Mechanical Toy Co. *et al.* (which we shall designate as the Ohio suit), said Wagner having, as aforesaid, supplied the customer Wanamaker with the products complained of in this suit, and which same products have been adjudged unlawful in said Ohio suit against the manufacturer. More specifically, the questions submitted are set forth on pages 18 and 19 of the petition for certiorari herein. In its aforesaid decision in the Wagner mandamus proceeding, the same questions "brought before this Court for review to determine" are stated by this Court itself, as follows:

"(1) The legal effect to be given to a prior decree in the Sixth Circuit against the manufacturer, as against a customer [in this suit] in the Second Circuit;

"(2) Whether the preliminary injunction could be legally denied by the Circuit Court of Appeals for the Second Circuit [in this suit] after the prior adjudication of the same issues by the Circuit Court of Appeals for the Sixth Circuit;

"(3) Whether or not the prior decree of the Circuit Court of Appeals for the Sixth Circuit entitled

the petitioner to a decision in its favor on the 'motion for a decision on the merits' filed in the later case [this case] in the Second Circuit;

"(4) Whether or not an unsuccessful defendant in a suit [the Ohio suit] in one Circuit, in which his product has been adjudged unlawful, is to be permitted to relitigate the same issues with respect to the same product by assuming the defense of a subsequent suit [this suit] in another Circuit against one of his customers."

These are questions of law, the related facts as to identity or privity of parties and sameness of causes of action and of issues in the two suits being admitted and otherwise established.

Obviously, determination of the aforesaid questions rests upon the ruling effect to be given the judgment in the Ohio suit (the correctness of which is not here open to dispute), and does not call upon this Court to make comparisons of the two products, and in view thereof, or for other reason, to decide for itself whether the courts of the Sixth Circuit were right or wrong in deciding (upon the evidence before them, but not here) that the American Model Builder product constitutes unfair competition and copyright infringement with respect to petitioner's Meccano product.* As stated in the brief in support of certiorari petition herein,—

*It is the theory of the Ohio defendant Wagner and his attorneys, who are here defending Wanamaker, that this Court's review of this case will assume such scope (away beyond the questions submitted for determination) as to embrace comparisons of the products and consideration of attacks upon the correctness of the Ohio judgment, and particularly an attack predicated upon certain manifestly erroneous theories based upon invalidity of the Hornby patent—long since withdrawn from this suit—and this Court's decision in *Singer ex. June*. While such matters are entirely foreign to the questions presented for this Court's determination, we have briefly discussed respondent's said contentions in the Addendum to this brief under the headings "Respondent-Defendant's Erroneous Theory as to the Scope of This Court's Review Herein," and "Respondent-Defendant's Contention, *re* Invalidity of Hornby Patent on Plates and This Court's Decision in *Singer ex. June*, is Untenable."

"This court is *not asked to review* by certiorari the decision of the Court of Appeals for the Second Circuit in so far as it assumes to decide *whether or not the American Model Builder product, as compared with petitioner's Meccano product, is unlawful on the ground of unfair competition and copyright infringement* * * * it is petitioner's contention that * * * such question was not open to decision by the Court of Appeals for the Second Circuit; and it is now sought to have this court so rule" (p. 21 of petition).

A comprehensive appreciation of the extent of counterfeiting of plaintiff's product and system throughout can only be attained by comparison of the physical things themselves, including the many individual parts, the grouping thereof in outfits, the outfits constituting the entire system (of many) main and supplementary outfits, the manuals of instruction, etc., etc. Such comparison could not be made upon the basis of the few exhibits of both products introduced on the motion for preliminary injunction herein. But, as before stated, it is unnecessary to burden this Court with detailed examination and consideration of the characteristics and identities (throughout) of the two products.*

*General familiarity with the two products may be attained by reference to the yellow pages bound in the record between numbered pages 172 and 173, and wherein (1) yellow page R lists the individual structural parts of both products; (2) yellow pages S to W comparatively illustrate said individual parts, showing defendant's counterfeiting of practically all of the many parts of plaintiff's prior product; (3) Yellow pages X and O reproduce tabulations of "contents of outfits" of the two products, showing which and how many of the individual parts are placed in the graduated sized outfits, and how defendant adapted plaintiff's allotment of parts to outfits; (4) yellow pages P and Q give examples of the identity of outfits; (5) yellow pages 1 to 5, following main page 172 of the Record, present a "Comparative Table" intended as a guide in comparing the contents of manuals; (6) yellow pages A to L, inclusive, reproduce corresponding illustrations, etc., from the manuals, for example, page A reproduces plaintiff's "Fig. No. 64" and page B defendant's corresponding "Fig. No. 48" both of a "Suspension Bridge." (Continued next page.)

Part 2—Errors Relied Upon.

The errors relied upon, as stated in the petition for writ of certiorari, are as follows:

"Your petitioner complains of the error in the majority opinion (Judges Ward and Rogers, R., 149) and order (R., 178) of the Court of Appeals for the Second Circuit in reversing (with a *dissenting opinion* by Judge Learned Hand, R., 151) the opinion and order (R., 115, 116) of the District Court for the Southern District of New York (Judge Augustus N. Hand) which granted preliminary injunction herein upon charges of unfair competition and copyright infringement;—

"Complains of the error of said Court of Appeals in thus, by its reversal of the preliminary injunction order herein, failing to respect and enforce, and in effect nullifying, the prior unanimous opinions and

(Continued from preceding page.)

Note the toy engine and rails on the bridge in each illustration; and compare the concluding sentence—

"The engine and rails shown in the illustration are not included in the outfit, and are merely shown for purposes of illustration."

on page A of plaintiff's illustration, with the concluding sentence—

"The engine and the track in this cut are simply for an illustration and are not included in the regular outfit."

at the foot of page B of defendant's illustration.

The Ohio District Court made particular mention of these figures, saying (emphasis ours):

"When figure 48 of the American Model Builder of 1912 (Plaintiff's Exhibit 10) is compared with figure 64, Meccano Manual of 1911 (Plaintiff's Exhibit 38), *the conclusion cannot be escaped that one was copied from the other*" (235 F. R., p. 923).

Yellow page C shows plaintiff's "Fig. No. 65" and page D defendant's corresponding "Fig. No. 45," both figures entitled "Warehouse with Elevator." Note, amongst other things, that in each the car is at the same elevation; that the photographs are taken at the same angle; and that in both an enlarged fragmentary view shows details not clear from the main view. Yellow sheets E to M show other (and there are still many more) corresponding illustrations readily comparable without explanation.

judgments of the District Court for the Southern District of Ohio, Western Division (Judge Howard C. Hollister), and of the Court of Appeals for the Sixth Circuit (Circuit Judges Warrington and Knappen and District Judge Sanford), all favorable to Petitioner-Plaintiff; in a prior suit between the same parties or their privies (the prior defendant having assumed the defense of the present suit), on the same product, and on the same causes of action and issues of unfair competition and copyright infringement, and in which prior suit the defenses and evidence were the same as pleaded by Respondent-Defendant in this suit:—

"Complains of the error of said Court of Appeals in failing and refusing to enter herein, or have entered, a judgment on the merits in favor of Petitioner-Plaintiff, to which judgment your said Petitioner is entitled in view of the conclusiveness and finality, with respect to this cause, of said judgment of the Court of Appeals for the Sixth Circuit in said prior suit:—and

"Further complains of the error of said Court of Appeals in awarding costs in its court to the Respondent-Defendant (R., 178)."

Part 3—Outline of Argument.

Respondent disputes the conclusiveness of the Ohio decree because (after finally adjudicating the rights of the parties) it provides for an accounting. The decision of the Court of Appeals of the Second Circuit herein says, "we may assume that in so far as concerns the matters before the Circuit Court of Appeals [Sixth Circuit], *the issues have been finally and conclusively determined.*" Assumption is not necessary. The *fact is*, as will be readily established, that *the Ohio decree is a final and conclusive* adjudication for the purposes for which it is here invoked, and its effectiveness cannot be defeated by calling it "interlocutory," or because "in a strict technical sense" it is interlocutory in directing an accounting.

As to identity or privity of parties—Meccano Limited is plaintiff in both suits. Respondent disputes privity of parties defendant. But little argument will be required in confirmation of the correctness of the finding of the Court of Appeals that privity of defendants is established and admitted.

As to the issues in the two suits, the Court of Appeals ruled that they are not "coextensive" with reference to the product charged to be unlawful. Upon that ruling said court refused *any* relief upon the basis of the Ohio decree. Both parties have consistently maintained, and the Court of Appeals concurs, that both suits concern the *same* American Model Builder product. That fact is sufficient to entitle petitioner-plaintiff to prompt enforcement of the conclusiveness of the Ohio decree as to *that* product, regardless of what other product may be involved in this suit. The Court of Appeals is of the opinion that the issue here also involves Wanamaker's dealings in other products. But as to this, also, both parties have consistently maintained, and petitioner still contends, that the issues in the two suits are the same, that is, that no other product is here involved.

Petitioner further contends that if the issue in this cause ever extended to any other toy products, said issue was, at the time of the decisions of the Court of Appeals herein, and is now, restricted to the American Model Builder product alone.

Therefore, not only is the Ohio decree conclusive, or *res adjudicata*, as to the American Model Builder product, but it is so as to the entire issue, because no other product is here involved.

Other points and contentions by respondent, mostly collateral to the main points above, will be dealt with in the argument, discussion of some of said points being reserved to the Addendum following the main parts of this brief.

Part 4—Proceedings in Ohio Suit.

Before passing to detailed argument of the main points in dispute, it will be helpful to review, in more detail, the proceedings in the two suits, beginning with the earlier Ohio suit.

(1) Petitioner-plaintiff's "Meccano" was the pioneer practical and commercially successful building-toy of its character and principle, consisting of metal parts, and a large and valuable business has been created therein in the United States and in foreign countries.

(2) On or about December 24, 1913, petitioner-plaintiff instituted the aforesaid Ohio suit in the District Court for the Southern District of Ohio, Western Division, against "Francis A. Wagner (trading as The American Mechanical Toy Company)," of Dayton, Ohio, and The Strobel & Wilken Company (one of Wagner's customers), charging *inter alia* unfair competition with petitioner-plaintiff's said Meccano product and infringement of petitioner-plaintiff's two aforesaid registered copyrights No. 291,375, dated June 22, 1911, and No. 294,670, dated August 14, 1911,* by said defendants in manufacturing, producing, offering for sale, and selling and distributing their so-called "The American Model Builder" toy-building product, including books or manuals of instruction. Motion for preliminary injunction was argued March 7, 1914 (R., 85), and overruled December 4, 1914 (R., 85).

*There was also a charge of infringement of petitioner's Hornby patent No. 1,079,245, relating to the three metal plates illustrated at the top of yellow page W preceding page 173 of the record. That charge was sustained by the District Court of Ohio, but the Court of Appeals, Sixth Circuit, held the patent invalid. A similar charge of patent infringement was thereupon withdrawn from this Wamamaker New York suit before the Court of Appeals rendered its decisions herein. (See 2nd par., top p. 146 of record.)

(3) Said Ohio suit was tried May 25 to June 2, 1915 (R., top 97), the defendant Wagner testifying at length before the Ohio District Court (Judge Hollister) and attempting to explain and justify his copying and counterfeiting of petitioner's prior Meccano product (R., 96). With this advantage of seeing and hearing Wagner testify, as well as other witnesses in his behalf, said court, on June 12, 1916, rendered its opinion (R., 64), sustaining the charges of unfair competition and copyright infringement by said American Model Builder product. Said opinion (234 Fed., 912) makes findings of facts and states conclusions such as the following:

(a) Upon the issue of *unfair competition*:—That "The American Model Builder is not only a fraud on the public, but also a fraud on the complainant. I find the charge of unfair competition amply established by the facts and under the law" (R., 70); that Wagner's product "except for great care in examination cannot be distinguished from the complainant's Meccano" (R., 66); that testimony as to confusion and palming-off is not needed, the appearance of defendant's outfits being enough "to warrant the court in concluding, as is now concluded, that the defendant's outfits, parts, boxes and labels would deceive the purchasing public, and were so intended" (R., 67); that "However strongly defendant asserts ignorance, accident or mistake, little weight can be given to what he says in the face of what is disclosed by the physical appearance of the outfits, the manuals, method of arrangement of contents of boxes," etc. (R. 68); that "Even if there were no evidence tending to show actual palming-off * * * there is a silent representation made by the outfits, the arrangement of parts and number of parts, the manuals * * * that 'American Model Builder' is the same as Meccano" (R., 68); that "Defendant's Manuals may be the result of thought and labor, but the labor and thought is not of an original character, resulting in some-

thing new * * * it is clear enough that the labor and thought expended has been for the purpose of making a manual * * * counterfeit the Meccano Manual" (R., 68); and that "Unfair competition exists also in that the complainant has established a business system which is peculiarly its own. This was done at the expense of time, thought, labor and much money. * * * The defendant uses complainant's business and the system it has established. In these it has acquired a property right of which its competitor cannot deprive it by introducing his goods into, and as a part of, complainant's business and business system. In this respect, the case strongly resembles *Prest-O-Lite Co. vs. Davis*, 209 Fed., 917, affirmed by the Circuit Court of Appeals of this Circuit, 215 Fed., 349. If it be assumed that defendant could establish a business system of his own and enter into competition with the complainant's similar system, it seems to me quite clear that the defendant's system could not be so used as to appropriate the business and good will established by the complainant. It cannot be that the defendant can build up his own business by taking away complainant's business through the very method established by complainant for carrying it on" (R., 69-70).

(b) Upon the issue of *copyright infringement*:—That "The fact is defendant copied its manual * * * from complainant's copyrighted * * * manuals" (R., 72); that "However strongly defendant asserts ignorance, accident, or mistake, little weight can be given to what he says in the face of what is disclosed by * * * that manual * * *. Defendant's manuals may be the result of labor and thought, but the labor and thought is not of an original character * * *. It is clear enough that the labor and thought expended has been for the purpose of making a manual * * * counterfeit the Meccano Manual" (R., 68); and that "When defendants' manuals are subjected to the tests laid down in these cases, there is no room for doubt that the manuals complained of are piracies of complainant's

copyrighted manuals which the defendants are charged in this case with having infringed" (R., 71).

(4) On July 8, 1916, a decree (R., 76) was entered in conformity with said opinion; on the same day defendants appealed and a few days later gave a bond of \$50,000 to supersede an injunction. Before a hearing on their appeal, defendants made a motion before the Court of Appeals, Sixth Circuit, for the introduction of further evidence, said court disposing of said motion by its decision (235 Fed., 890) authorizing the district court to entertain such a motion. A similar motion supported by affidavits and a showing of the alleged newly discovered evidence was denied by the district court, for the reason that the subject-matter of the so-called newly discovered evidence is not "sufficient to warrant a change in its [the district court's] previously expressed views in the case" (R., 136-7). From such decision defendants prosecuted an ancillary appeal.

(5) On or about January 2, 1917, before a hearing on the aforesaid appeals, the defendant Wagner (in defense of Wanamaker) moved (R., 112-13) the Court of Appeals, Sixth Circuit, in the Ohio suit, to enjoin prosecution of this Wanamaker New York suit (then but recently instituted) and to hold Meccano Limited in contempt for having instituted this Wanamaker suit. By decision of February 6, 1917 (239 Fed., 901), said motion was overruled.

(6) In disposing of the appeals (the main appeal and the ancillary appeal) the Court of Appeals for the Sixth Circuit, by its opinion (R., 131) of November 16, 1917 (246 Fed., 603), *approved* (R., 2nd par., p. 132) the aforesaid and other conclusions and findings of the District Court upon the issues of unfair competition and copyright infringement; and later, in said opinion, in passing upon alleged newly discovered evidence, gives an added approval to "the soundness of the conclusions reached upon such issue" (unfair competition), saying (R., 137), "Appellants do not seem to appreciate the true effect of other features of the evidence

upon which the court evidently rested this conclusion (234 Fed., at pp. 917 to 919).” The Court of Appeals held the Hornby patent invalid and in that respect alone reversed the District Court.

(7) A petition for rehearing (R., 137), filed about December 13, 1917, was denied by the Sixth Circuit Court of Appeals by an order (drawn by the court, R., 139) of January 14, 1918, again approving the conclusions of the District Court upon the issues of unfair competition and copyright infringement.

(8) On February 11, 1918, a decree (R., 139) was entered by the district court in accordance with the opinion and mandate of said Court of Appeals, and a writ of injunction (R., 143) issued the same day and was duly served.

(9) On February 14, 1918, the defendants Wagner *et al.* petitioned the Court of Appeals, Sixth Circuit, for a writ of mandamus with reference to certain provisions in the aforesaid decree of February 11, 1918, and on March 15, 1918, said court issued a show cause order (R., 147) to the district court. As the result of such proceedings, the district court entered an order of November 29, 1918 (certified copy filed with the papers) amending the aforesaid decree of February 11, 1918, in conformity with orders of said Court of Appeals, dated October 18 and November 14, 1918, by eliminating (from the decree) (a) requirements of immediate payment of \$5,000 awarded as copyright damages and \$3,000 awarded as attorney's fee, (b) a requirement for the giving of a bond as an alternative to immediate payment of said sums, and (c) a direction to the marshal “to destroy * * * within thirty days after obtaining custody thereof” certain unlawful products required to be delivered over by the defendants.*

*As is apparent, such emendations of the decree in no manner detract from its effectiveness for the purposes for which it is invoked in this case.

More specifically, the decree was amended as follows:

(a) By striking from paragraph 7 (see p. 141 of R.) the words and figures—

“and judgment may forthwith be entered against said defendants and in favor of complainant, Meccano Limited, for said five thousand dollars (\$5,000), and execution therefor is awarded,”

and by striking from paragraph 8 (see p. 141 of R.) the words and figures—

“which sum defendants are ordered to pay, and judgment may forthwith be entered against the defendants, Francis A. Wagner and The Strobel & Wilken Company, and in favor of said Lewis and Scott, for said three thousand dollars (\$3,000), and execution therefor is awarded.”

(b) By striking out paragraph 8½ (R., 142), the same reading—

“(8½) That upon the giving of a bond, within ten days from the date hereof, to be approved by the court, in the sum of ten thousand dollars (\$10,000.00), to secure payment of said sum of three thousand dollars (\$3,000.00) awarded in Paragraph 8 to said Lewis and Scott, and the sum of five thousand dollars (\$5,000.00) awarded in Paragraph 7 to the complainant, Meccano Limited, the payment of said sums shall be superseded pending the entry of final decree herein.”

(c) By striking from paragraph 15 (R., 143) the words—

“and the said Marshal is hereby directed to destroy the same within thirty days after obtaining custody thereof.”

(10) A second petition for rehearing (R., 174), filed about May 1, 1918, and signed by Messrs. Toulmin & Toulmin, counsel for the defendants in both suits (and denied by the Court of Appeals May 15, 1918, certified copy of de-

nial order filed with the papers), correctly states (R., 175) that "(1) The parties in interest are the same (or in privity); (2) The subject-matter is the same; (3) The relief sought is the same; (4) The issues are the same, and the defenses are the same; and (5) The evidence is the same * * *."

(11) On November 2, 1918,—upon the basis of the Court of Appeals, Second Circuit, second decision of April 15, 1918 (R., 149), in this Wanamaker suit,—defendants Wagner *et al.* in the Ohio suit moved the Court of Appeals, Sixth Circuit, to stay the accounting in the Ohio suit, to await this Court's (the Supreme Court's) decision in this certiorari proceeding. The Court of Appeals denied the motion on November 14, 1918, with the suggestion that jurisdiction of the cause was at that time with the district court. Thereafter similar motion was made in the Ohio district court and overruled by that court December 17, 1918.

Thereupon, Wagner *et al.*, on January 6, 1919, petitioned this Court, in the Wagner mandamus proceeding hereinbefore mentioned, for writ of mandamus directing the Ohio Courts to stay the accounting in the Ohio suit. The petition signed by the same counsel (Messrs. Toulmin & Toulmin) here representing Wanamaker-Wagner, correctly advises this Court that the "issues" and the "subject-matter" are the *same* in the two suits. After the argument on the "answers of the courts and judges to the usual rule to show cause," this Court dismissed the petition by its decision of April 14, 1919, *supra*. Petition for rehearing was denied May 19, 1919.

Part 5—Proceedings in This Wanamaker New York Suit.

(1) On December 9, 1916, petitioner instituted this suit, the bill of complaint charging *inter alia** unfair competition

*As stated in a previous foot-note, a charge of patent infringement was withdrawn from this suit before the decisions of the Court of Appeals herein.

and infringement of the copyrights aforesaid, by Wanamaker's dealings in and sale of the same American Model Builder product as involved in the earlier Ohio suit against the manufacturer thereof, the two suits thus presenting the same causes of action and the same issues. The bill recites said Ohio suit against the manufacturer, and the decree therein is laid as a part of the gist of this suit (R., 11).

By its answer (R., 16) defendant Wanamaker admits that it deals in and sells toy outfits known as "The American Model Builder" manufactured by The American Mechanical Toy Company, of Dayton, Ohio, and also instruction books, etc. (R., 17); "admits that complainant brought suit against the manufacturer of the American Model Builder (the toy complained of herein), in the Southern District of Ohio, Western Division, upon the same issues as involved herein" (R., 29). But said answer claims authorization to sell and continue the sale of said product because of the \$50,000 supersedeas bond (R., 86) given by the manufacturer in the Ohio suit. Otherwise said answer pleads the same defenses as previously presented in the pleadings and the same evidence as in said prior Ohio suit.

(2) Petitioner-plaintiff, about December 15, 1916, moved (R., 30) for preliminary injunction on supporting affidavits and exhibits, showing, amongst other things, that certain of the exhibits of American Model Builder product introduced by petitioner in the Ohio suit, and upon the basis of which the courts of the Sixth Circuit adjudged said product to be unlawful on the ground of unfair competition and copyright infringement, were American Model Builder outfits and manuals purchased in New York from the present defendant Wanamaker (R., 55-6).

(3) By opinion of January 9, 1917 (R., 115), and order of January 12, 1917 (R., 116), the District Court for the Southern District of New York (Judge Augustus N. Hand) granted a preliminary injunction upon the basis of the

opinion and decree of the Ohio District Court (Judge Hollister) in the

"suit against the manufacturer of the mechanical constructional toy involved here," "upon the precise issues involved in this cause * * * brought against a customer of the defendant in that case" (quotations from R., 115),

and after an independent examination by Judge Hand of the "briefs and records in the Ohio case sufficiently to be in general agreement with Judge Hollister" (R., 115). At the time of this decision by Judge Hand the Court of Appeals for the Sixth Circuit had not yet affirmed Judge Hollister.

(4) About January 2, 1917, the Ohio defendant Wagner made his hereinbefore mentioned motion to enjoin prosecution of this Wanamaker suit—said motion correctly alleging the present suit to be "against John Wanamaker, a customer of the appellant-manufacturer, who purchased toy outfits from said manufacturer, * * * which toy outfits are the same in kind as those involved in this action" (R., 113). A supporting affidavit by the manufacturer Wagner (R., 113), who has assumed the defense of the present suit, also correctly alleges that "Meccano Limited, the plaintiff in this Ohio action, * * * instituted an [this] action against said John Wanamaker, of New York, in the United States District Court for the Southern District of New York, upon the same issues as involved in this suit, save only that John Wanamaker was made defendant instead of the Ohio defendants" (R., 114).

(5) By order (R., 119) of the District Court (Judge Hough), defendant answered (R., 120-1) certain interrogatories (R., 118-19) propounded by petitioner, said sworn answers admitting that the defendant Wagner (The American Mechanical Toy Co.) of the Ohio suit, through his counsel in that suit, is defending Wanamaker in this suit under "assurances" to said Wanamaker to hold it "harmless

by reason of the purchase and sale of toys manufactured by The American Mechanical Toy Company"—all as more fully set forth in Part 7 of this brief.

(6) After the argument on January 10, 1918 (R., 149), on appeal (R., 122) from the order granting preliminary injunction, and while the latter was still under consideration by the Court of Appeals for the Second Circuit, the Court of Appeals for the Sixth Circuit, on January 14, 1918 (R., 139), denied the motion of the defendant-manufacturer Wagner for rehearing in the Ohio suit. Thereupon, as before stated, petitioner, following and citing the practice approved by this Court in *Hart Steel Co. ex. Ry. Supply Co.* (244 U. S., 294; 61 Law Ed., 1148), promptly made a motion herein on January 25, 1918, before the Court of Appeals for the Second Circuit for a decision on the merits "upon the ground that the decision * * * of the * * * Court of Appeals for the Sixth Circuit * * * is final and conclusive as to the case at bar under the principles enunciated by the Supreme Court in the various decisions referred to in the accompanying brief" (R., 130).

(7) The Court of Appeals for the Second Circuit (Judges Rogers, Learned Hand and Mayer), on April 15, 1918, denied petitioner's said Motion for Judgment (opinion by Judge Learned Hand, R., 145), upon what petitioner believes to be the erroneous theory that the issues here litigated are not so "coextensive with the issues litigated in the Ohio suit" as to permit the Court to "dispose of the suit in this summary manner" (R., 147). With reference to the identity or privity of the parties defendant, the decision says, in part, "it may be assumed * * * that Wagner," the defendant-manufacturer in the Ohio suit (trading as The American Mechanical Toy Company) "assumed the chief conduct of the [this] case and that defendant [Wanamaker] remains only formally represented" (R., 145-6), "Wagner having now intervened" (R., 147). And, with reference to

the similarity of causes of action and issues, the decision says that "the plaintiff sued Wagner in Ohio upon the * * * same causes of equity and obtained a decree * * * and the decree was affirmed [by the 6th C. C. A.] except as to the patent * * * now withdrawn from this suit" (R., 146), and that "While we do not hold that the decree is an estoppel, taken strictly, even as to those toys and manuals" [those obtained from the Ohio manufacturer Wagner], "we may even suppose that, Wagner having now intervened, it is such" (R., 147).

While reserving for disposition "upon the appeal from the injunction *pendente lite*" the question "how far the effect of that decree [of the 6th C. C. A.] may be to entitle the plaintiff to an injunction against the defendant against selling any of the toys or manuals which it may buy from Wagner" (R., 146), the Court of Appeals says that this

"need not depend in any sense upon the estoppel of the defendant by that decree. It might, for example, be held under an extension of the doctrine of *Kessler vs. Eldred*, 206 U. S., 285, that the purchase of toys and manuals from Wagner, which he had been enjoined from selling, if not an actual contempt of that decree, was at least in derogation of the plaintiff's rights established thereby and thus a tort against it" (R., 146-7).

While thus recognizing petitioner's right to an injunction upon the basis of the Ohio decree, the subsequent majority opinion (Judges Ward and Rogers, R., 149) of the same Court (with a dissenting opinion by Judge Learned Hand, R., 151) refused to give effect to the Ohio decree and reversed the order of the District Court granting preliminary injunction, thus showing conflict of opinion between said Court of Appeals as constituted in the two instances. Judges Rogers, Learned Hand and Mayer in the first instance, and Judges Ward, Rogers and Learned Hand in the second instance.

(8) By its aforesaid subsequent decision of April 15, 1918 (R., 149), the Court of Appeals for the Second Circuit (in a majority opinion by Judges Ward and Rogers)—without mention of the force of the Ohio judgment, and in seeming disregard of well-known principles and rules of law and decisions establishing the conclusiveness of said judgment in the premises, and seemingly disregarding the effect to which said Sixth Circuit Court of Appeals judgment is entitled in other courts of co-ordinate jurisdiction, and the established rule that a preliminary injunction order should not be reversed in the absence of a clear showing of abuse of discretion by the Court below—reversed the order of the District Court (Judge Augustus N. Hand) and denied preliminary injunction, holding that “upon the question of copyright infringement and unfair competition, we think the case [made out by the affidavits and exhibits] not clear” (R., 150). Thereby said Court decided in direct conflict with the judgments of the Ohio District Court and of the Sixth Circuit Court of Appeals, after lengthy open court trial, and upon the more complete records of testimony and exhibits before those Courts.

In his dissenting opinion (R., 151-2) Judge Learned Hand, consistent with the views he had theretofore expressed for the same Court of Appeals in its opinion on the motion for decision on the merits, stated that the Ohio judgment is conclusive of petitioner's right to preliminary injunction “quite independently of how we might ourselves view the transactions out of which the Ohio decree proceeded” and “regardless of what relief we might have given the plaintiff upon the state of facts,” and that it appearing that Wanamaker is “only buying its toys of Wagner * * * I think the plaintiff has established its right by the mere force of that [Ohio] decree to prevent Wanamaker from inducing Wagner to violate it,” citing *Kessler vs. Eldred*, 206 U. S., 285.

(9) By petition (R., 152 *et seq.*) filed May 13, 1918, your petitioner prayed said Court of Appeals, Second Circuit, for a rehearing with respect to its majority opinion denying preliminary injunction, and also (R., 171-2) with respect to its aforesaid opinion denying petitioner's motion for decision on the merits; but said petition was denied May 23, 1918 (R., 178).

(10) On June 7, 1918, the District Court (Judge Mayer) entered an "Order on Mandate" (certified copy filed with the papers) reversing the preliminary injunction order with costs against plaintiff. On the same day defendant moved (certified copy of motion filed with the papers) that "in view of the law of this case respecting the question of unfair competition, as laid down by said Court of Appeals in its said decision [its second decision herein, R., 149, denying preliminary injunction], the bill of complaint be dismissed as to that cause of action." But the ruling of said decision was that to "justify a preliminary injunction * * * the case ought to be very clear. * * * Upon the question of * * * unfair competition, we think the case [that made out by affidavits and exhibits] not clear." The decision did not establish any "law of this case respecting unfair competition." Nevertheless, on June 7, 1918, Judge Mayer entered a decree (certified copy with the papers) providing in part as follows:

"(5.) That the bill of complaint is dismissed as to the charge of unfair competition, and that the action may be proceeded with on the charge of copyright infringement." *

By so decreeing, upon the basis of mere affidavits and exhibits before the Court confined exclusively to a showing of Wanamaker's dealings in American Model Builder product,

*Said order was later rescinded by Judge Mayer (see certified copy of order of August 20, 1918, filed with the papers) to await this Court's disposition of this cause.

Judge Mayer, at this later date, recognized that the issues presented in this case *are* coextensive with those in the Ohio suit, and do not, as suggested in the first decision of the Court of Appeals (with the same Judge Mayer as a member), extend to Wanamaker's dealings in toy products other than the American Model Builder which Wanamaker obtained from Wagner, who is here defending this suit.

Otherwise, how could Judge Mayer enter an order of dismissal as to the charge of unfair competition upon a preliminary injunction showing restricted to American Model Builder and with no opportunity to plaintiff to introduce any proof as to other toys said by the Courts of Appeals to be embraced by the issue? After the grant of certiorari herein Judge Mayer set aside his aforesaid order of dismissal as to unfair competition and also ordered that "all further proceedings herein be stayed" pending this Court's decision herein.

(11) On August 13, 1918, plaintiff filed its petition for certiorari, which this Court granted October 28, 1919. On June 9, 1919, this Court denied petitioner-plaintiff's motion to advance the hearing. The brief of respondent, offering no objection, states, amongst other things, that

"The same toys or articles are involved in both of these suits—this suit in New York and the suit in Ohio."

(12) Since the grant of certiorari herein, another suit (which we will designate the "Wanamaker-Structo Suit") between the same parties hereto, upon a charge of unfair competition concerning Wanamaker's dealings in a toy product known as "Structo," has been amicably settled. Such act of both parties hereto places beyond further dispute the question whether the issue herein embraces other toys such as said "Structo," and further confirms petitioner's contentions here and before the courts below, that the issue herein is confined to American Model Builder. In view of such

conditions, petitioner-plaintiff recently initiated a move in the District Court seeking to further confirm, by affirmative disclaimer, the already present (but disputed) limitation of this suit to American Model Builder product. This matter will be further dealt with in a following section of this brief.

For ready reference, we submit the following tabulation of dates in the two suits:

Comparative Tabulation of Dates in the Two Suits.

WAGNER OHIO SUIT.	THIS WANAMAKER NEW YORK SUIT.
Dec. 24/13—Ohio suit begun.	.....
Mar. 7/14—Prely. injn. motion argued (R. 85).	.....
Dec. 4/14—Prely. injn. motion overruled (R. 85).	.....
May 25—June 2/15—Trial (R. 85-6).	.....
June 12/16—Judge Hollister's decision, 234 Fed. 912 (R. 64).	.....
July 8/16—First decree (R. 76). Appeal to C. C. A. (R. 86).	.....
.....	Dec. 9/16—Bill filed.
Jan. 2/17—Motion by Wagner before C. C. A., 6th, to enjoin Wanamaker, New York Suit, and hold plaintiff in contempt (R. 112).	.....
.....	Jan. 9/17—Decsn. of District Ct. (Judge A. N. Hand) granting injn., 241 Fed. 133 (R. 115).

WAGNER OHIO SUIT (Cont'd).

THIS WANAMAKER NEW YORK
SUIT (Cont'd).

Feb. 6/17—Decsn. of C. C. A., 6th (239 Fed., 901), de- nying motion to enjoin Wanamaker Suit, etc.	.....	Feb. 9/17—Deft. appealed (R. 122) to C. C. A., 2nd, from prely. injn. order.
.....		
Apr. 11/17—Hearing C. C. A., 6th.	.....
Nov. 16/17—Decsn. C. C. A., 6th, 246 Fed., 603 (R. 131).	.....
.....		Jan. 10/18—Appeal on prely. injn. argued in C. C. A., 2nd.
Jan. 14/18—Wagner first peti- tion for rehearing de- nied, 246 Fed., 610 (R. 139), and Second de- cree (R. 139) entered shortly thereafter.	.....
.....		Jan. 25/18— <i>Plaintiff moved for decsn. on merits in view of Ohio judgment and Wagner's defense of Wanamaker.</i>
Feb. 14/18—Mandamus petition filed in C. C. A., 6th, pro- ceedings stayed.	.....
.....		Mar. 24/18—2d C. C. A.'s decsn. denying motion for decsn. on merits, 250 Fed., 250 (R. 145).
.....		Apr. 15/18—2d C. C. A.'s decsn. reversing prely. injn., 250 Fed., 450; dissent, Learned Hand, 250 Fed., 453 (R. 149, 151).
May 1/18—2d petition rehearing filed (R. 174).	.....
.....		May 13/18—Plaintiff petitioned for rehearing (R. 152).

WAGNER OHIO SUIT (Cont'd).	THIS WANAMAKER NEW YORK SUIT (Cont'd).
May 15/18—2d rehearing petition denied (R. 178).	.....
.....	May 23/18—Rehearing denied (R. 178).
June 5/18—Motion to advance mandamus hearing.	.....
June 7/18—Hearing set for October.	.....
.....	Aug. 13/18—Petition for certiorari filed Sup. Ct.
Oct. 11/18—Mandamus hearing.	.....
Oct. 18/18—Order of 6th C. C. A. disposing of mandamus matter.	.....
.....	Oct. 28/18—Certiorari petition granted.
.....	Oct. 31/18—Writ of certiorari issued.
.....
Nov. 2/18—Motion to stay all proceedings.	.....
Nov. 14/18—6th C. C. A. order annulling stay order Feb. 14/18 and referring stay motion to D. C.	.....
.....	Nov. 22/18—Return to writ filed.
Nov. 23/18—Motion to stay accounting filed in district court.	.....
.....
Dec. 17/18—Motion to stay accounting overruled by district court.	.....
.....
Jan. 6/19—Wagner Mandamus petition presented to Supreme Court (seeking stay of accounting).	.....

WAGNER OHIO SUIT (Cont'd).

THIS WANAMAKER NEW YORK
SUIT (Cont'd).

JAN. 13/19—Supreme Court's rule to show cause.	.....
MAR. 3/19—Returns to rule filed.	.....
APR. 14/19—Decsn. of Sup. Ct. dismissing petition for mandamus.	.....
MAY 19/19—Rehearing <i>re</i> man- damus denied by Sup. Ct.	.....
.....	MAY 26/19—Motion to advance hearing.
.....	JUNE 9/19—Motion to advance denied by Sup. Ct.

**Part 6—The Decision and Decree in the Ohio Suit are
Conclusive and Final.**

The *decision* (R., 131) of the Court of Appeals, Sixth Circuit, reiterated by that Court's denial of two petitions for rehearing, is *final*. The decree (R., 139)* entered in conformity with that decision, adjudges that plaintiff is the owner and entitled to the exclusive possession and enjoyment of its rights and property in its "Meccano" toy-building product and registered copyrights on books constituting part of said product; adjudges that defendant's "American Model Builder" product constitutes unfair competition and copyright infringement with respect to plaintiff's said rights and property, and orders that defendants be permanently enjoined. Defendants have been under injunction (R., 143) since about February 11, 1918. In all such essentials, said *decision* is *final* upon the

*As the result of mandamus proceedings, the decree has been amended in minor particulars set forth in section 9 of Part 3 of this brief. Such emendations in no way detract from its effectiveness for the purpose for which it is here invoked.

law and facts there (and *here*) in controversy, and conclusively establishes the respective rights of the parties in the case at bar. For the same reasons, *the decree* based on said decision is tantamount to a *final decree*—it is *final* in all respects required to fully qualify it for the purpose for which it is invoked. It possesses all the attributes of finality needed to make it conclusive in this case.

As this Court said in *In re Sanford Fork and Tool Co.*, 160 U. S., 247; 40 Law Ed., 414; 16 S. C. R., 291, 293, 294 (emphasis ours)—

“When a case has been once decided by this Court on appeal and remanded to the Circuit Court, whatever was before this Court, and disposed of by its decree, is considered as *finally settled*. The Circuit Court is bound by the decree as the *law of the case*; and must carry it into execution, according to the mandate. That Court cannot vary it, or examine it for any other purpose than execution; or give any other or further relief; or review it, even for apparent error, upon any matter decided on appeal; or intermeddle with it, further than to settle so much as has been remanded. * * * no question, once considered and decided by this Court, can be re-examined at any subsequent stage of the same case.”

And in *Smith vs. Vulcan Iron Works*, 165 U. S., 518, 525; 41 Law Ed., 810, 812; 17 S. C. R., 407, 410, this Court said (emphasis ours)—

“the merits of the case, having been once determined by the *appellate court* in reversing the interlocutory decree, were not open to reconsideration at a later stage of the same case, *either in that Court or in the Court below*.”

With respect to the *amount* of damages and profits the decree is interlocutory, because it directs an accounting. But the amount of recovery to be made in the Ohio suit is non-essential and immaterial to the purpose for which the decree is here invoked. Hence, regardless of its interlocutory

provision, the decree conclusively adjudicates the substantive rights and issues which one of the Ohio defendants, Wagner (the American Mechanical Toy Company), is here attempting to relitigate. Its substantive finality is all sufficient to entitle petitioner-plaintiff to the relief here sought. It is inconceivable that said Wagner (the American Mechanical Toy Company), by assuming the defense of Wanamaker in this case, can—particularly while under permanent injunction—thus relitigate the matters adjudicated against him in Ohio suit and evade the conclusiveness of that judgment; the fact that the decree contains provisions for an accounting is no *reason* why he should be permitted to do so. And getting right down to the bottom of things, what *reason* is there, *as applied to the situation at hand*, for any distinction between the decree in question, including its directions for an accounting, and the same decree without such provisions (or merely waiving an accounting)? The answer is that there is no real reason and no distinction. As applied to the instant situation, both decrees would be equally final and conclusive. The Court of Appeals has correctly decided the question in its first decision, saying:

"We further disregard the objection that the Ohio decree is still only interlocutory and therefore under general principles cannot in any event constitute an estoppel. * * * The reason for the rule limiting the conclusiveness of interlocutory decrees does not apply, *i. e.*, that the decree still remains *in gremio*, since the District Court has no longer any power to modify so much as has been affirmed by the Circuit Court of Appeals. For the purposes of this motion, we may assume that in so far as concerns the matters before the Circuit Court of Appeals, the issues have been finally and conclusively determined" (R., 146).

"While we do not hold that the decree is an estoppel taken strictly, even as to those toys and manuals, those obtained by Wanamaker from Wagner. The American Mechanical Toy Company, we may suppose that, Wagner having now intervened, it is such" (R., 147).

Judge Learned Hand, in his dissent to the second decision of the Court of Appeals herein, says (R., 151-2), "Wanamaker * * * should be enjoined regardless of what relief we might have given plaintiff under the state of facts. * * * I think the plaintiff has established its right [to enjoin Wanamaker] by the mere force of that [the Ohio] decree."

The Court of Appeals, Sixth Circuit, in its printed return (p. 5, paragraph a of section 5) in the aforesaid Wagner mandamus proceedings in this Court, refers to the decree under consideration as "final as to all matters which had been heard and decided by us upon the appeal," while "as to all other matters, still interlocutory." In the situation at bar we are concerned with said decree only in its relation to "matter heard and decided" and as to which it is final. In other words, the courts refuse to follow the purely technical and reasonless theory that a decree which is not final in *every* respect is not final in *any* respect, but merely interlocutory. It has become futile to argue that a decree (like that at bar) which finally adjudicates the rights of the parties and provides for a permanent injunction, is "merely and purely interlocutory" (as respondent has contended), because it refers the cause to a master for an accounting.

If the Ohio defendant and manufacturer, Wagner, could conduct the defense of this case, and Wanamaker could turn over (as it has done) that defense to Wagner, without thereby subjecting themselves to the conclusiveness of the Ohio suit decree, the situation thereby presented would be most repugnant to that conclusiveness which this Court has so often said (in *Southern Pacific Co. vs. U. S.*, *infra*, for example) must attend the judgments of the courts. If Wagner were thus free to relitigate in New York, he could relitigate in other jurisdictions by there assuming the defense of other customers, and continue to do so until the accounting in the Ohio suit is disposed of and that one lacking phase of finality

added to the decree. The authorities amply support the finality of the decree for the purposes for which it is here invoked.

Bissell Co. vs. Goshen Co., 72 F. R., 545, 552 (C. C. A. 6th), involved the effect to be given a decree providing for an accounting. The opinion written by Judge Lurton (Judge Taft also sitting) says:

"the opinions and decrees of this, as a court of appellate jurisdiction, are final and conclusive upon every point actually decided, and * * * it is the clear duty of the lower court to give effect to the decree without modification or enlargement, in the very terms of the decree here rendered."

In other words, upon every point "actually decided" the decree of a Court of Appeals is "final and conclusive."

In *East Co. vs. Peoples Bank*, 111 F. R., 446 (C. C. A. 4th), decree providing for sale of real property, and report on the sale, was held to be "final for the purposes of appeal."

In *Smith vs. Farbenfabriken Co.*, 197 F. R., 894 (C. C. A. 6th), decrees made upon "final hearing, on pleadings and proofs," were held to be final with respect to certain matters of clerk's fees.

In *Marian Coal Co. vs. Peale*, 204 F. R., 161 (C. C. A. 3rd), a decree adjudicating the rights of the parties, providing for a perpetual injunction, and appointing "a special examiner to state an account between the parties," although found to be in "form * * * rather interlocutory than final," was held to be "final for the purpose of appeal."

In *Carondelet Canal Co. vs. State of Louisiana*, 233 U. S., 362; 34 S. C. R., 627, a judgment was held to have "substantial finality," although it contained reservations with respect to "a small piece of ground upon which there was a dispute," and as to "an accounting of certain disbursements."

In *Kessler vs. Eldred*, 206 U. S., 285; 51 Law Ed., 1065; 27 S. C. R., 611, a decree adjudging non-infringement of patent and dismissing the bill (hence essentially and also technically final), was held by this Court to be conclusive against further suits by Eldred against customers of Kessler. Can it be that, had the situation been reversed and the decree favorable to the patent, with directions for permanent injunction, this Court would have refused to enforce it because technically interlocutory with respect to a further provision thereof directing an accounting of damages and profits?

In *Hart Steel Co. vs. R. R. Supply Co.*, *supra*, 244 U. S., 294; 61 Law Ed., 1148; 37 S. C. R., 506, the judgment or decree of the Court of Appeals of the Sixth Circuit, which held the patent invalid and dismissed the bill, was held to be *res adjudicata* in a Seventh Circuit suit. That judgment was both essentially and technically final, being completely devoid of interlocutory provisions. But can it be, that had the judgment sustained the patent, found infringement, directed an injunction (being in such respects final), and directed an accounting (being in that sole respect technically interlocutory), this Court would have refused to enforce such a decree in the Seventh Circuit? The answer must be negative, for the very reasons here urged—and the equities in the case at bar in favor of plaintiff-petitioner are much stronger.

As stated in *National Brake Co. vs. Christensen*, *infra* (C. C. A. 7th, emphasis ours):

“Our understanding of the Hart case is that the first adjudication on the equities of a bill is binding on the parties and their privies. * * * We do not understand that the intention of the parties in submitting their full proofs and the character of such submission and the intention of the Court in giving deliberate consideration to all the evidence and law the parties can present and the character of the result of such consideration, are *dependent upon the*

subsequent condition that the Court shall always deny and never grant the equitable relief prayed for in the bill" (258 Fed., 888).

In other words, the doctrine of estoppel and *res adjudicata* is not one-sided. In the language of the street, it is not a case of "heads I win, tails you lose." Mutuality is an essential element. Under the Judicial Code, section 128,* the Court of Appeals for the Sixth Circuit has jurisdiction to render, and has rendered, its final judgment and decree in the Ohio suit with respect to all matters save the amount of damages and profits; final as to unfair competition because jurisdiction was dependent upon "the opposite parties to the suit or controversy being aliens and citizens of the United States"; and final as to "copyright infringement" because said section of the Code expressly names "cases arising under the * * * copyright laws" as amongst those in which the judgments and decrees of the Courts of Appeals are final. The exceptions of said section 128, to wit, that the judgments and decrees of the Courts of Appeals shall be final "except as provided in sections two hundred and thirty-nine and two hundred and forty," do not apply, because (1) the Ohio suit is not one in which the Court of Appeals has certified to this (Supreme) Court "any question or proposition of law concerning which it desired the instruction of that Court for its

*Sec. 128. The circuit courts of appeals shall exercise appellate jurisdiction to review by appeal or writ of error final decisions in the district courts, including the United States district court for Hawaii, in all cases other than those in which appeals and writs of error may be taken direct to the Supreme Court, as provided in section two hundred and thirty-eight, unless otherwise provided by law; and, except as provided in sections two hundred and thirty-nine and two hundred and forty, the judgments and decrees of the circuit courts of appeals shall be final in all cases in which the jurisdiction is dependent entirely upon the opposite parties to the suit or controversy being aliens and citizens of the United States, or citizens of different States; also in all cases arising under the patent laws, under the copyright laws, under the revenue laws, and under the criminal laws, and in admiralty cases."

proper decision," as provided in section 239,* and (2) the Ohio suit is not one in which this (Supreme) Court has required "by certiorari or otherwise, upon the petition of any party thereto, such case to be certified to the Supreme Court for its review," as provided in section 240.**

But it is not our purpose to attempt an extended review of the authorities which support our contention of finality. Nor is it our purpose to herein discuss the cases which respondent will urge as unfavorable to that contention. As to the latter, suffice it to say that they, and especially the decisions of this Court (for example, *Ex Parte National*, 201 U. S., 156; 26 S. C. R., 404; and *California Bank vs. Staller*, 17 U. S., 447; 19 S. C. R., 6), relate principally to matters of appeal or writ of error, in which (under the appeal statutes) time is an essential; and do not concern questions of estoppel or *res adjudicata* under circumstances such as presented in the case at bar. And this Court has not hesitated to enforce the distinction that a decree, while in a "strict technical sense" interlocutory with respect to an accounting provided for therein, is nevertheless final in all other respects in which it conclusively adjudicates the rights of the parties.

*Sec. 239. In any case within its appellate jurisdiction, as defined in section one hundred and twenty-eight, the circuit court of appeals at any time may certify to the Supreme Court of the United States any questions or propositions of law concerning which it desires the instruction of that court for its proper decision; and thereupon the Supreme Court may either give its instruction on the questions and propositions certified to it, which shall be binding upon the circuit court of appeals in such case, or it may require that the whole record and cause be sent up to it for its consideration, and thereupon shall decide the whole matter in controversy in the same manner as if it had been brought there for review by writ of error or appeal."

***Sec. 240. In any case, civil or criminal, in which the judgment or decree of the circuit court of appeals is made final by the provisions of this Title, it shall be competent for the Supreme Court to require, by certiorari or otherwise, upon the petition of any party thereto, any such case to be certified to the Supreme Court for its review and determination, with the same power and authority in the case as if it had been carried by appeal or writ of error to the Supreme Court."

In *Lovell-McConnell Mfg. Co. vs. Automobile Supply Mfg. Co.*, 235 U. S., 383, 387-8; 59 Law Ed., 282, 283; 35 S. C. R., 132, this Court held, with respect to a question of clerk charges, that (emphasis ours):

"It is insisted that it is not [final]—and the court below so held—because, as the statute only provides for an appeal from a 'final judgment or decree,' it does not apply to a case like the one under consideration, where the appeal was from a decree interlocutory in character. But without affixing to the statute a latitudinarian meaning, upon the theory that to do so is essential to give effect to its purpose and intent, and bring every interlocutory decree within its reach, we are of opinion that to exclude an interlocutory decree of the character of the one here involved from the operation of the statute would be to frustrate its plain purpose by a too rigid and unreasoning adherence to its letter. We so conclude because, while in a technical sense the decree here in question was interlocutory, *when its character and the scope of the subject-matter which the appeal brought under review and the relief under it which it was competent to afford are considered, we are of opinion it must follow that such decree was, within the intendment of this statute, a final decree*" (citing *Smith vs. Farbenfabriken of Elberfeld Co.*, 197 F. R., 894-5, 6th C. C. A.).

The Court of Appeals for the Seventh Circuit, in *National Brake Co. vs. Christensen*, *infra*, says of this Lovell-McConnell decision:

"If a decree that is held to be interlocutory for the purpose of appeal is held to be final respecting a right to costs, how much more important it is that such a decree be held to be final respecting the right to hold [or enforce] a permanent injunction [and a conclusive adjudication] based on findings of validity and infringement after a full submission and consideration of all the evidence and the law bearing on those issues" (258 Fed., 887).

The distinction which we urge is discussed with profound ability and the authorities exhaustively reviewed, in the recent decision in the case next cited, and from which we have freely excerpted.

National Brake & Electric Co. vs. Christensen et al., 258 Fed., 880, C. C. A. 7th (Baker, Mack and Evans, Judges, decision of Judge Baker). In 1915 the Court of Appeals, Seventh Circuit, had affirmed a decree of the Wisconsin district court, adjudging and decreeing that Christensen *et al.*, were owners of a valid patent, that defendants had infringed the patent, that a permanent injunction issue, and that an accounting be had. Since 1915 the cause had been pending in the Wisconsin district court on the accounting. In 1917, in a Pennsylvania suit, instituted after the decisions in the Wisconsin suit and alleged to have been on the same issues and between the same parties or their privies, a decree was entered pursuant to mandate of the C. C. A. 3rd, holding the same patent invalid and dismissing the bill. The decision says (emphasis ours):

"And now petitioner [defendant National Co. in the Wisconsin suit] comes before us in an original proceeding, asking that we * * * find that the Pennsylvania decree is *res adjudicata* in this [Wisconsin] case, and thereupon direct the vacation of the Wisconsin decree and the dismissal of the bill on the merits. * * * But at the threshold lies the question of the nature and effect of the Wisconsin decree, affirmed by this Court" (p. 881).

"A decree may be looked at from the point of view of *time*, and also from that of *essence*. The former discloses procedural law, mainly statutory appellate procedure; the latter concerns the right of a party who, for instance, on issues joined respecting title to property and exclusive possession or use, has submitted all his proofs and arguments, afterwards to require the court to ignore its deliberate decree on title and right of possession and to hear again the evidence and arguments on those issues because a supplemental or dependent issue has been reserved for future judicial determination" (p. 881-2).

"While *Forgay vs. Conrad* [6 How., 201; 12 L. Ed., 404] and *Thompson vs. Dean* [7 Wall., 342; 19 L. Ed., 94] are exceptional cases in the application of the Federal appeals statute then in force, they are not exceptional when substantive law is the test. Indeed, throughout the world of English-derived jurisprudence, there is unanimity that a decree which, on issues joined, and on submission by the parties and consideration by the court of all the evidence the parties can or choose to adduce and all the law the parties and the court deem applicable, adjudges that the complainant is the owner and entitled to the exclusive possession of property and that the defendant has unlawfully invaded the complainant's rights, and orders the defendant to surrender or keep away from the property forever, is a final decree on those issues, even though the issue concerning profits or damages from the defendant's trespasses has been reserved for future judicial action" (p. 883).

For precisely similar reasons, the Ohio decree against *Wagner et al.*, is final on issues which render it conclusive against *Wanamaker-Wagner* in the case at bar.

"Injunction cases * * * furnish a particularly clear example of the essential distinction [between time and essence]."

"When the chancellor has found the complainant's title and right to exclusive possession and from evidence of the defendant's repeated and continuing trespasses has found the defendant's threat as to the future, his entry of a permanent injunction exhausts every equitable issue in the bill. But the same evidence that discloses the defendant's threat as to the future usually proves the existence of damages for past trespasses. All that remains in such a case is to ascertain one element, the amount, in order to make the common-law cause of action complete. And it is more convenient that this should be done in the court

that already has jurisdiction of the parties and has established from the evidence the foundation of the common-law cause of action. *So the decree of a permanent injunction, determining as it does all the equities of the bill, is final as to the equities, irrespective of whether an accounting of damages for past trespasses is or is not reserved for future action*" (p. 885-6).

"If a decree establishes a perpetual injunction and orders an accounting, no injury is done if, as a matter of procedural law, it be held that an appeal must be taken within thirty days. Such a decree, though final in essence, is interlocutory in time, and stressing time in procedure, it may be better that the decree be classified as interlocutory for the purposes of appeal. But although appeals from decrees of temporary injunction and from decrees of perpetual injunction with accounting reserved are thus brought within the same section of the appellate practice statute, *no bar to recognizing the difference in essence between temporary and perpetual injunctions is thereby formed*. On appeal from a decree of temporary injunction, the only question is whether the trial court abused its discretion in holding or creating a status. If a decree of perpetual injunction with accounting reserved must be held to be interlocutory in essence because it is held to be interlocutory in time, then the only question on appeal would be the chancellor's abuse of discretion. This very contention was presented in *Smith vs. Vulcan Iron Works*, 165 U. S., 518; 17 Sup. Ct. 407; 41 L. Ed., 810, and was rejected.

"If a decree of perpetual injunction with accounting reserved is merely interlocutory in essence, then the defendant as a matter of right can insist that the chancellor hear again the same evidence and newly discovered evidence and decide anew the equities of the bill. If such a decree is affirmed on appeal, its character, if interlocutory in essence, is not thereby changed, and the defendant could still insist on having his day in the trial court on the merits" (p. 886).

"We are unable to find, as a matter of substantive law, that a perpetual injunction has only a temporary purpose and force" (p. 888).

We are in a court of equity, which regards *substance* rather than form, and delights to do equity and justice regardless of technicality. And we are proceeding under the modern equity rules and practice, the entire spirit and purpose of which is to *expedite* the administration of justice—or, in the vernacular, “to cut out red tape.”

Part 7—Identity or Privity of the Defendants in the Two Suits is Established.

The Court of Appeals of the Second Circuit in its first decision says (emphasis ours):

“It may be assumed for the purposes of the motion only, that Wagner has assumed the chief conduct of this case and that the defendant remains only formally represented” (R., 145-6).

“We may assume that Wagner’s intervention here is of such a kind as would create a good estoppel against him in any subsequent case” (R., 147).

“While we do not hold that the decree is an estoppel, taken strictly, even as to those toys and manuals [which Wanamaker procures from Wagner], we may even suppose that, Wagner having now intervened, it is such” (R., 147).

Thus, while the Court of Appeals did not so expressly “hold,” it was evidently of opinion that identity or privity of defendants is established. But in anticipation of repetition of respondent-defendant’s contention that “identity of parties, actual or in privity, does not exist,” we will refer to the proof.

Respondent’s sworn answers to interrogatories (R., 118-19) are alone conclusive and sufficient. It is admitted therein that—

“The American Mechanical Toy Company, of Dayton, Ohio, has given defendant assurances to hold defendant harmless from any loss or liability by reason

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of the sale by defendant of American Model Builder Constructional Toys" (Ans. 2, R., 121);

that Messrs. Toulmin & Toulmin and Mr. Williamson,

"of counsel in this case, are acting in such capacity, not by being retained by this defendant directly, but by reason of said assurances to hold defendant harmless" (Ans. 3, R., 121);

that Messrs. Toulmin & Toulmin

"are general patent counsel for The American Mechanical Toy Company and are paid by that Company" (Ans. 4, R., 121);

that this suit

"is being defended * * * pursuant to the assurances of The American Mechanical Toy Company to hold the defendant harmless by reason of the purchase and sale of toys manufactured by The American Mechanical Toy Company" (Ans. 7, R., 121);

and that "the management" of the defense of this suit "is in the hands of * * * Toulmin & Toulmin, general patent counsel for The American Mechanical Toy Company," and two other gentlemen (Ans. 1, R., 120), one, Mr. Williamson, being "an associate counsel under and on behalf of Messrs. Toulmin & Toulmin," and the other, Mr. Johnson, being "a regular attorney of defendant" (Ans. 5, R., 121).

Messrs. Toulmin & Toulmin signed the answer herein (R., 30), opposed the motion for preliminary injunction (R., 115), signed the appeal (R., 122-123), opposed petitioner's motion for judgment (R., 146), and are counsel in this Court; they have also been attorneys for defendant Wagner (trading as The American Mechanical Toy Co.) in the Ohio suit throughout all the proceedings therein.

As thus appears by sworn admissions of respondent Wana-maker, Wagner (The American Mechanical Toy Company),

defendant in the Ohio suit, is defending this suit, is the *real* defendant herein under assurances to the nominal defendant Wanamaker to hold it harmless by reason of its dealings in the product in controversy; and the active defense of this suit has been conducted throughout by Messrs. Toulmin and Toulmin, acting herein, and also in the first suit, as attorneys for the manufacturer Wagner.

We also note the affirmance by Wagner, the real defendant herein, by statements certified by counsel H. A. Toulmin to be "well and truly founded both in fact and law" (R., 176), in his second petition for rehearing in the first case, that "by the pleadings herein and defendant's sworn admissions, it is established that * * * *the parties in interest are the same (or in privity)*" (R., 175).

In the Wanamaker-Structo-Suit (discussed in Part 9 of this brief) the brief of respondent Wanamaker opposing petition to this Court (in No. 1054, October Term, 1918) for writ of certiorari, says of the suit at bar, that "It appeared that one Francis A. Wagner had an interest in the suit" (p. 2); and that although in this first suit "the named defendant is John Wanamaker. * * * Francis A. Wagner was involved in the defense, as he had agreed to hold Wanamaker harmless and had taken a share in the defense" (p. 3). Such statements, made in May, 1919, are confirmatory of the admissions of the answers to interrogatories.

Rock Springs Distilling Co. vs. W. A. Gaines & Co., 38 S. C. R., 327; 246 U. S., 312; 62 Law Ed., is strikingly in point. It is an unfair competition and trade-mark case, taken up on *certiorari* after the Court of Appeals had denied petition for rehearing (Record therein, Vol. 1, pp. 337, 387). One of the issues was *whether there was privity between the defendants (or their successor The Hellman Distilling Co.) in a first suit and the defendant in a second suit.*

The Supreme Court reversed the Court of Appeals (226 F. R., 536) which had reversed the District Court (202 F. R., 989). The latter dismissed the bill, holding a prior

judgment conclusive against plaintiff in its attempt to thus relitigate the same issues, such defense having been interposed by plea. In the first suit, in the Eighth Circuit, against Hellman & Hellman, the latter's right to use the trade-mark on straight whiskey was established. The plaintiff then brought suit in the Sixth Circuit against the Gaines Co., who manufactured blended whiskey on which the mark was used. It was established that the Gaines Co. was in privity with the Hellmans, "manufacturing whiskey under contracts of agency for them or their successors and neither have nor claim any right except through such contracts" (statement of facts, 38 S. C. R., 328), and further (C. C. A.'s decision 226 F. R., 531, 536, 537), that the Gaines Co. was so manufacturing "*under a bond of indemnity*" from the Hellman Co. "*to protect them against plaintiff's claims.*"

The Court of Appeals held that privity had been established between the defendants in the two cases, but decided in favor of plaintiff on another theory. The Supreme Court—observing that "the issues in that case were the same as those in the present case as to the right of the use of the word 'Crow with any of its qualifications,'" remarked that the Court of Appeals had

"refused to decide * * * that the defendants in this suit were not in privity with the defendants in the other and it rejected the contention that use of the trade-mark established in the Hellman Co. in the blended whiskey was not an adjudication of the right to use it upon a straight whiskey. In the ruling on both contentions, we concur" (38 S. C. R., 329).

The Court of Appeals had said (and the Supreme Court concurred)—

"we first meet the objection that there is no privity of parties. We must think that privity sufficiently appears. The parties defendant in that case, at the time of its commencement, had been the two Hellmans, who were partners. Pending the suit, one partner died, and his administrator, Kahn, was substi-

tuted. Later, but still pending the suit, the entire business of the Hellman Bros. was transferred to the just organized corporation, the Hellman Distilling Company * * *. The corporation was therefore a party to the suit at the time of the final decree. During the existence of the partnership of Hellman Bros., it had leased the distillery of the Rock Spring Distilling Company, near Owensboro, Ky., and as lessee it had manufactured whiskey there in 1904.

"The Hellman Distilling Company, as such lessee, continued such manufacturing in 1905, 1906 and 1907. In 1909 all this remained in bond in the distillery warehouse. In 1909 and after the final decree in the Missouri case, the Hellman Distilling Company contracted with the Rock Spring Company, and with Rosenfield, as its lessee, for the further manufacture of whiskey, and for the bottling in bond of the 1904 stock, and for the use upon such bottles of the brand or label 'Hellman's Celebrated Old Crow.' *The Hellman Company gave to defendants a bond of indemnity to protect them against plaintiff's claims; in using this brand or label, defendants are acting for and in behalf of the Hellman Distilling Company; and the right of that company to use this brand on this article is the very thing in controversy. The former decree must be given the same force and effect as if the Hellman Distilling Company were the nominal, as it is the real, defendant here. Kessler vs. Eldred, 206 U. S., 285; 27 Sup. Ct. 611; 51 Law Ed., 1065*" (226 F. R., 536-537; emphasis ours).

In the case at bar, Wagner (The American Mechanical Toy Co.) gave to Wanamaker assurances to hold it harmless against the claims of petitioner-plaintiff, and is here defending Wanamaker because of that obligation. Therefore, the Ohio decree "must be given the same force and effect as if" Wagner (The American Mechanical Toy Company) was "the nominal, as it [he] is the real defendant here."

In "contemplation of law" (as the decisions say) the parties to the two suits are the same.

Part 8—Identity of Subject-Matter and Issues in the Two Suits is Admitted and Otherwise Established.

The failure of the Court below to enforce and grant any relief herein upon the basis of the prior judgment in the Ohio suit, turned upon this question. In its first decision (R., 145) denying petitioner-plaintiff's motion for "decision on the merits," the Court of Appeals (Rogers, Learned Hand and Mayer, decision by Judge Learned Hand) says it is "apparent that some of the issues [here] are different from those litigated in Ohio, they involve not only the defendant's [Wanamaker's] right to sell Wagner's toys and manuals but any others it may procure elsewhere" (R., 147), and that "unless the issues here litigated were [are] co-extensive with the issues litigated in the Ohio suit" (R., 147), petitioner-plaintiff is not entitled to the relief asked.

(A) It is incontrovertible, and admitted by the parties and the Court below, that the gist of the complaint herein is against Wanamaker's dealings in the *same* American Model Builder product as involved in the Ohio decree.* No more is necessary, regarding sameness of subject-matter and issues, to establish petitioner's right to both preliminary and permanent injunction and an accounting against Wanamaker, or other adequate relief, with respect to its dealings in the American Model Builder product, regardless of what other product may be involved in this cause. With such facts duly and properly established (as they are here and were in the Court of Appeals below) the Ohio defendant manufacturer, or those in privity with him, should not be permitted to relitigate the matters conclusively adjudicated

*It further appears, though that is not essential to the conclusiveness of the Ohio judgment, that the answer in the case at bar sets up no new defenses in alleged invalidation of plaintiff's asserted rights that were not set up and relied upon in the Ohio suit with reference to the *same* causes of action of unfair competition and infringement of two registered copyrights.

against them in the Ohio suit, and should not be permitted to further contest this cause in so far as it concerns said American Model Builder product (the only product named in the bill of complaint). That is in reality all the relief plaintiff has ever sought in this suit. Petitioner-plaintiff should not be put to further expense, delay and trouble, on that score, but should be afforded prompt relief. Petitioner's right to such relief is not precluded, cannot be denied, and should not be delayed, even if the issue in the present suit extends to some other toy, because, as has been so frequently affirmed by this Court (emphasis ours):

"The general principle announced in numerous cases is that *a right, question, or fact distinctly put in issue, and directly determined by a court of competent jurisdiction, as a ground of recovery, cannot be disputed in a subsequent suit between the same parties or their privies*; and even if the second suit is for a different cause of action, the right, question, or fact once so determined must, as between the same parties or their privies, be taken as conclusively established, so long as the judgment in the first suit remains unmodified. This general rule is demanded by the very object for which civil courts have been established, which is to secure the peace and repose of society by the settlement of matters capable of judicial determination. Its enforcement is essential to the maintenance of social order; for the aid of judicial tribunals would not be invoked for the vindication of rights of person and property if, as between parties and their privies, conclusiveness did not attend the judgments of such tribunals in respect of all matters properly put in issue, and actually determined by them." *Southern Pacific R. R. Co. et al. vs. United States*, 18 S. C. R., 18, 27; 168 U. S., 1; 42 Law Ed., 355.

Applying that principle to the case at bar—a "court of competent jurisdiction" (the Court of Appeals, Sixth Circuit) has "determined * * * as a ground of recovery"

in the Ohio suit that the American Model Builder product constitutes unfair competition and copyright infringement with respect to rights of which plaintiff is the exclusive owner. Hence the "rights, questions, or facts" thus distinctly put in issue in the Ohio suit, "CANNOT BE DISPUTED IN A [THIS] SUBSEQUENT SUIT BETWEEN SAME PARTIES OR THEIR PRIVIES," and that is so regardless of what other rights, questions, or facts may also be in issue in this case. That principle would apply here even were the present suit for "a different cause of action" from that in the Ohio suit; *a fortiori*, it is so with the causes of action *identical in the two suits*. The Court of Appeals has held, however (and mistakenly so), that the issues extend to Wanamaker's right to deal in other unnamed and unknown toy products, and hence that the issues in the two suits are not "co-extensive." Upon that theory said Court denied *any* relief, even as to Wanamaker's dealings in the American Model Builder product, and in so doing has erred even if it be correct in saying that the issues are not "co-extensive." Certainly the principles of *res adjudicata* and estoppel are not to be defeated, as to issues and subject-matter admittedly common to two suits, by the fact that the issues in the later suit may extend to matters beyond the issues of the first suit.

(B) Petitioner insists that the entire issue herein has never been, was not at the time of the decisions of the Court of Appeals below, and is not now, any more extensive than the issue in the Ohio suit; and hence, that the issues in the two suits *are* "coextensive" within the meaning of that term as used by the court below. In other words, any contention that this cause presents an issue which goes beyond respondent Wanamaker's dealings in the American Model Builder product, is purely theoretical, unsupported by the facts and record (as will presently be shown by a review thereof), and therefore raises only a moot question.

In passing to a review of the record in substantiation of the foregoing contentions, it is pertinent to inquire, what determines the issues? We refer to issues of fact, for this discussion does not concern issues of law.

Equity Rule 25, as to contents of bill of complaint, provides that the bill shall contain, amongst other things, a "statement of the ultimate *facts upon which the plaintiff asks relief*." Equity Rule 30 provides for an answer "specifically admitting or denying or explaining *the facts upon which the plaintiff relies*." Equity Rule 31 provides that "the cause shall be deemed at issue upon the filing of the answer," etc. Obviously, the issues thus joined do not concern facts other than those stated in the bill. In other words, in the case at bar, with the statement in the bill "of the ultimate facts upon which plaintiff asks relief" specifically directed and confined (as we are about to show) to Wanamaker's dealings in American Model Builder product, the issues joined do not extend to other facts concerning Wanamaker's dealings in other toys.

The only attempt of the Court of Appeals to support its assertion that "it is apparent that some of the issues are different," is its further statement that the issues here "involve not only the defendant's [Wanamaker's] right to sell Wagner's toys and manuals, but any others which it may procure elsewhere" (R., 147). In its second decision (R., 149) reversing the order granting preliminary injunction, said Court (Ward, Rogers, and Learned Hand, decision by Judge Ward) makes no mention of the effect to be given the Ohio suit decree. Judge Learned Hand, in his dissent to that decision (R., 151), says, "so far as the facts appear at present it [Wanamaker] is only buying its toys of Wagner and I think the plaintiff has established its right by the mere force of that decree [in Ohio] to prevent Wanamaker from inducing Wagner to violate it." But the Court of Appeals nowhere

attempts any reference to the bill of complaint or other part of the record in explanation of its ruling. An examination of the record not only fails to substantiate what is alleged to be "apparent," but establishes the contrary, to wit, that the issues herein are confined to Wanamaker's dealings in "American Model Builder" product; that the issues in this case are not only *essentially the same* (which the authorities recognize as sufficient), but are *identical* with those in the Ohio suit; and that in holding otherwise the Court of Appeals erred, as urged in plaintiff's petition to that Court for rehearing (R., 152).

The verified *bill of complaint* (paragraph I, page 2 of Record) charges unfair competition and copyright infringement (also patent infringement now eliminated*) by Wanamaker's dealings in "American Model Builder" with no suggestion that the complaint extends to any other article dealt in by Wanamaker. Paragraphs II to IX, inclusive, embrace allegations concerning plaintiff's rights, product, business, etc., and make no mention of Wanamaker's acts.

Paragraph X (R., 8) of the bill charges that Wanamaker has been guilty of infringing "your orator's registered copyrights" and "of unfair competition with your orator in the respects hereinafter set forth," which "respects" are all exclusively specific to "*American Model Builder*."

Paragraph XI (R., 8, 9) next defines "defendant's said wrongful acts and unfair competition" to "consist of" Wana-

*As hereinbefore stated, the charge of patent infringement was withdrawn (R., top p. 146) from this suit before the Court of Appeals below rendered either of its decisions. Therefore, none of the allegations of the bill concerning the patent has any bearing upon the theory that some of the issues here are different from those in Ohio, because at the time the Court of Appeals stated that theory, the issue as to the patent had been eliminated. The fact is, however, that all allegations concerning patent infringement are strictly confined to Wanamaker's acts concerning the *American Model Builder* product, and none other.

maker's dealings in (a) "outfits" "under the trade-name '*American Model Builder*' "; (b) "separate parts such as contained in *American Model Builder* outfits"; and (c) in Wanamaker's "putting out in conjunction with the aforesaid outfits, certain books of instruction, entitled, for example, '*American Model Builder Complete Manual of Instruction*.'" Defendant's patent infringement is next defined (R., 9) as Wanamaker's dealings in "the flanged metallic plates"* "separately and as parts of each outfit in the progressive system of *American Model Builder* outfits."

Defendant's copyright infringement is next defined in paragraph XI of the bill (R., 9) as consisting in "defendant's aforesaid sale and distribution of *American Model Builder* books and printed matter." It is next charged that "defendant has advertised and offered said imitation and counterfeit *American Model Builder* outfits * * * as interchangeable with * * * Meccano * * * and * * * has offered said accessory *American Model Builder* outfits as standardized with * * * Meccano outfits; that defendant is offering "*American Model Builder* outfits" at retail at prices lower than those on Meccano, and has caused confusion and the belief that "said *American Model Builder* product is that of your orator" (R., 9-10). In concluding its allegations, all restricted to Wanamaker's dealings in *American Model Builder* product, said paragraph XI makes profert of "Specimens of Defendant's said *American Model Builder* outfits, Manuals of Instruction and other printed matter."

Paragraph XII (R., 10) sets up Wanamaker's earlier dealings in Meccano, followed by substitution of the counterfeit "*American Model Builder*" product. No mention or suggestion is made of any other product. Paragraph XIII (R., 11) alleges large damage resulting "by reason of the wrong-

*These plates are among the many metallic parts which are collected together in an "outfit"—said plates are illustrated on yellow sheet W preceding page 173 of the record.

ful acts herein complained of," with no suggestion that such damage resulted otherwise than from Wanamaker's acts in conjunction with *American Model Builder* product.

Paragraph XIV sets up the Ohio suit, involving the acts of the manufacturer, Wagner *et al.*, in conjunction with

"the said *American Model Builder* product, and the books and other publications connected therewith—the same as the *American Model Builder* products, books, publications, etc., which the defendant herein, John Wanamaker, is hereinbefore charged to have offered for sale, sold, advertized, and distributed in violation of your orator's rights as aforesaid" (R., 11).

Here is a distinct and affirmative identification of the charge and issue against Wanamaker with the same *American Model Builder* product as involved in the Ohio suit against Wagner *et al.*

From such review of all those portions of the bill which specify facts embracing the acts complained of, it is apparent that such facts and acts are confined to Wanamaker's dealings in *American Model Builder* product, "the same as the *American Model Builder* products" at issue in the Ohio suit. Wanamaker's own counsel, in a brief* before this Court in a companion suit (the Wanamaker-Strueto suit, *infra*), correctly say of the present suit that (emphasis ours) "the acts specifically complained of related [relate] to the merchandizing of said toy [*American Model Builder*] only"; that "the issue * * * is whether the defendants [*Wanamaker*] have committed a fraud * * * by *palming off* the *American Model Builder*"; and that said "issue depends entirely upon the particular facts to be presented" in conformity with the allegations of facts in the bill.

Contrary to the usual practice of praying for relief in general terms, even the prayers of the bill of complaint herein

*Brief of respondent Wanamaker opposing petition for certiorari in No. 1054, October Term, 1918.

specifically point to the *American Model Builder* product. Thus, the first prayer asks perpetual injunction against Wanamaker's unfair competition in dealing in "any model builder or toy outfit such as '*American Model Builder*,' or any individual parts or units such as contained in said outfits, and any books or manuals of instruction such as included with said *American Model Builder outfits*," etc. The first prayer further asks perpetual injunction against copyright infringement by Wanamaker's dealings in "any of the *aforesaid* books, manuals, or circulars such as have been included with said *American Model Builder* outfits or otherwise distributed or disseminated."

But, as stated in the aforesaid Wanamaker brief in the Wanamaker-Structo suit, *infra*, the issue "depends entirely upon the particular facts [alleged and] to be presented" and is not determined by the prayers for relief or by generality in the terms thereof. And in the last analysis, the issues are determined by the evidence introduced, and certainly any trial court, upon the basis of the allegations of the bill herein, would exclude evidence not restricted to Wanamaker's dealings in *American Model Builder*.

Defendant's answer (R., 16-30), comprising fifty-six enumerated paragraphs, repeatedly confirms the limitation of the complaint to Wanamaker's dealings in the *American Model Builder* product, and none other. In paragraph 4 (R., 17), Wanamaker

"admits that it deals in and sells toy outfits known as the '*American Model Builder*' manufactured by *The American Mechanical Toy Company of Dayton, Ohio*, and also deals in and sells separate parts thereof and puts out instruction books, catalogs and other literature in connection therewith" (emphasis ours).

Paragraph 19 (R., 19) avers "that *F. A. Wagner*, of *The American Mechanical Toy Company*, got up the 1912 man-

ual complained of"; and paragraphs 20, 21 and 22 (R., 19-20) repeatedly assert that the catalogs, manuals, and other printed matter, put out by defendant Wanamaker were productions of F. A. Wagner. In paragraphs 38, 41, and 42 (R., 23-24), Wanamaker denies that its dealings in "*American Model Builder* outfits," "separate parts of *American Model Builder* outfits," and that its "putting out with its *American Model Builder* outfits certain instruction books," etc., constitute unfair competition. Paragraph 43 (R., 24) denies that "*American Model Builder* books" constitute infringements of plaintiff's copyrights. In paragraph 50 (R., 26), "further answering, defendant [Wanamaker] avers that his *toy outfits complained of* have always been sold under the trade-name of *American Model Builder*." Thus there was no uncertainty on the part of Wanamaker that the complaint concerned only his dealings in that one named product. In paragraph 56 (R., 29) of the answer, with reference to the Ohio suit, defendant Wanamaker

"admits that complainant brought suit against the manufacturer of the *American Model Builder* (the *toy complained of herein*), in the Southern District of Ohio, Western Division, upon the same issues as involved herein" (emphasis ours).

Plaintiff's affidavits on motion for preliminary injunction herein, show (for example, R., 59) that—

"certain exhibits used in said Ohio case, to wit, Plaintiff's Exhibit 8, No. 3 outfit *American Model Builder*; Exhibit 9, Manual of Instruction of *American Model Builder*; and Exhibit 10, Manual of Instruction of *American Model Builder*, were purchased in New York at the store of said John Wanamaker, New York, defendant herein;"

also (for example, R., 82) that certain exhibits of *American Model Builder* product introduced on the motion herein, are

duplicates of exhibits in said Ohio suit which were purchased from defendant Wanamaker; and this respondent does not deny. Thus, Exhibit 15 herein is a duplicate of American Model Builder No. 2 outfit, which was purchased from defendant Wanamaker and used as plaintiff's Exhibit 15 in the Ohio suit. Likewise, Exhibit 10 herein is a duplicate of an American Model Builder 1912 Manual, which was purchased from the defendant Wanamaker, and used as Exhibit 10 in the Ohio suit.

Wagner manufactures the product and sells at wholesale. Wanamaker buys it wholesale and sells at retail. The product itself being unlawful, it constitutes unlawful competition and copyright infringement for any one to deal in that product. Hence, as against Wagner, who makes and sells at wholesale, and Wanamaker, who sells the same product at retail, there is no difference of issue, no difference which extends the issue against Wanamaker *beyond that against Wagner*.

Respondent-defendant's affidavits on preliminary injunction motion, particularly the affidavit of the manufacturer Wagner, who has assumed the defense of this suit on behalf of Wanamaker, affirmatively assert *the issues in both suits to be the same*. Thus Wagner says (emphasis ours):

"I am familiar with the issues in this Ohio suit and I have read the moving papers in this New York suit and find *the issues in both suits to be substantially the same*, except that John Wanamaker of New York, one of our customers, is made defendant in said New York suit. * * * In that case [the Ohio suit] I was sued as a manufacturer. In this case Mr. Wanamaker is sued as a merchant who is a customer who buys and sells *the same goods or toy outfits that are involved in the Ohio suit* (R., 93).

"I further inform the Court that * * * this present action * * * is an attempt to try by

this injunction motion *the issues which now await determination by the Court of Appeals for the Sixth Circuit*" (R., 94).

As hereinbefore stated, upon the institution of this Wanamaker suit the defendants, Wagner *et al.*, in the Ohio suit made a motion in the Court of Appeals for the Sixth Circuit to enjoin the prosecution of this suit. That motion, after reciting the giving of a \$50,000 bond to supersede an injunction in the Ohio suit, states that the present suit is

"against John Wanamaker, a customer of the appellant manufacturer, who purchased toy outfits from said manufacturer since said supersedeas bond was given, and which toy outfits are the same in kind as those involved in this [Ohio] action" (R., 113). (Emphasis ours.)

The Wagner affidavit in support of said motion says (emphasis ours) :

*"On the 9th instant [Dec., 1916] Meccano Limited, the plaintiff in this Ohio action, * * * instituted an action [this suit] against said John Wanamaker of New York * * * upon the same issues as involved in this [Ohio] suit, save only that John Wanamaker was made defendant instead of the Ohio defendants * * * the institution of said suit against John Wanamaker * * * is an attempt on the part of plaintiff herein to * * * sue John Wanamaker, our customer, and to enjoin him from selling and dealing in the very identical toy outfits to make and sell which we received authority under and by virtue of said supersedeas bond"* (R., 114).

In other words, the Ohio defendants, Wagner *et al.*, correctly stated it to be the fact, that the present suit concerns the *"very identical"* American Model Builder product and is *"upon the same issues"* as involved in the Ohio suit.

The district court (Judge A. N. Hand) in its decision herein (R., 115) granting preliminary injunction, found the Ohio suit to be "against the manufacturer of the mechanical constructional toy involved here," "*upon the precise issues involved in this cause* * * * brought against a customer of the defendant in that case."

In his second petition for rehearing in the Ohio suit, after the decisions of the Court of Appeals in this suit, Wagner (The American Mechanical Toy Co.) and his same counsel (Messrs. Toulmin & Toulmin) who are defending this suit for Wanamaker, state that the "*issues in said [this] case in the Second Circuit were the same as in this [the Ohio] case*" (R., 174), and quote with approval from one of plaintiff's briefs herein the statement that—

"it is established that there exist, in said case in the Sixth Circuit * * * and in the case at bar, the following five identities * * * (2) *the subject-matter is the same* * * * (4) *the issues are the same*" (R., 175). (Emphasis ours.)

The petition including these statements is certified by Mr. H. A. Toulmin (R., 177) as being "well and truly founded both in fact and in law."

In further confirmation of the identity of issues in the two suits, we refer to the hereinbefore mentioned action of the district court (the same Judge Mayer who had previously sat on the Court of Appeals, R., 145, when it decided that "some of the issues are different") in entering a decree herein on defendant's motion dismissing the bill "as to the charge of unfair competition." If there were, in fact, issues relating to toys other than those obtained by Wanamaker from Wagner, Judge Mayer would not have ignored such issues by entering such a decree.

In respondent Wanamaker's brief on petitioner's motion to advance the hearing in this Court, it is correctly stated that "The *same* toys or articles are involved in both of these

suits, this New York suit and the suit in Ohio" (p. 2 of Brief).

In the aforesaid Wagner mandamus proceeding in this Court (29 Original, October Term, 1918), the petition—signed "Francis A. Wagner and The Strobel and Wilken Co., by H. A. Toulmin, H. A. Toulmin, Jr., Counsel; The American Mechanical Toy Co., by E. H. and W. B. Turner, Counsel"—correctly states that "*the issues* [in this Wanamaker suit] *were the same* as those involved in this earlier suit against your petitioners [Wagner *et al.*]" (petition, p. 12), and that "the same plaintiff (Meccano Limited) has brought to this Court (in this Wanamaker suit) the *same subject-matter* and the same questions of law to be decided here (in this Ohio suit)" (petition, p. 14).

It has been suggested that "Wanamaker must have its day in court upon its own right to make and sell the toys or to buy them from others" than Wagner (dissenting opinion, R., 151), and that "Wanamaker is entitled to make an independent defense" (respondent's brief below). There are several conclusive answers.

(1) Wanamaker has voluntarily *relinquished* his original right to make an "independent" defense, has committed the defense of this suit to the Ohio defendant, Wagner, and Wagner has assumed it. By such acts of Wanamaker and Wagner, they are (as the decisions say) "in contemplation of law the same." Wagner has become the real defendant herein, subjecting this suit to all the consequences of that status and to the full effect of the Ohio judgment. The question raised concerning Wanamaker's day in court, and Wanamaker's right to make an independent defense, thus become moot. The outcome of this present suit can make no pecuniary difference whatever to respondent Wanamaker. Whether petitioner wins or loses, Wanamaker can obtain no more of Wagner's infringing product (the subject of this

suit), the Ohio decree (R., 139) and injunction (R., 143) cutting off the source of supply; and whether the accounting in the Court below shall give petitioner a large recovery or a small one, the Ohio manufacturer Wagner is bound to hold Wanamaker harmless.

(2) Whatever *Wanamaker's* right to "its day in court upon its own right to make and sell toys and buy them from others [than Wagner]," the Ohio judgment is conclusive against Wanamaker-Wagner as to Wanamaker's dealings in the American Model Builder product. There is no reason for postponing full relief to petitioner-plaintiff on that score.

(3) The issues herein relate exclusively to Wanamaker's dealings in the American Model Builder product and do not bring into this controversy Wanamaker's making of its own toys and selling them, or Wanamaker's dealings in toys other than those procured from Wagner (The American Mechanical Toy Company).

Had the manufacturer prevailed in the first suit, establishing immunity for his American Model Builder product from interference by further suit, that judgment could have been pleaded as an estoppel in this second suit against the customer on the same product. A test of estoppel is *mutuality*. Had the bill in the first suit been dismissed by the Ohio court, can it be doubted that the Ohio defendant, Wagner, would have at once asserted privity and at once have been entitled to a dismissal of this Wanamaker suit which said Wagner (The American Mechanical Toy Co.) is openly defending at his own expense under an avowed agreement to hold the nominal defendant (Wanamaker) harmless (*Kessler vs. Eldred, infra*). And, if so, then from the mutuality of estoppel the decision in Ohio adverse to the manufacturer should be followed by a decision adverse to him here.

**Part 9—Second Wanamaker New York Suit on "Structo"
Product Confirms Limitation of Issue Herein to
American Model Builder Product.**

A second unfair competition suit against Wanamaker, because of its dealings in another product, is also most significant on the point of limitation of the issue of the present (first) suit to Wanamaker's dealings in American Model Builder product.

After the decision herein of the New York District Court of January 9, 1917, finding the Ohio suit to be "upon the precise issues involved in this case [the suit at bar]" (R., 113) and granting preliminary injunction, and while Wanamaker was under said injunction (R., 117), it (Wanamaker) offered for sale and sold the "Structo" toy building product, manufactured by the Structo Manufacturing Company, of Freeport, Ill. Had the present first suit embraced Wanamaker's dealings in toys other than the American Model Builder, then obviously a second suit against Wanamaker on the Structo product was unnecessary and superfluous. But in recognition and confirmation of the fact found by the District Court (and asserted by Wagner in the Ohio suit, in his efforts to enjoin the present suit), that the issue of the present suit is confined to Wanamaker's dealings in American Model Builder, another suit against Wanamaker became necessary. Accordingly, on January 22, 1918, petitioner-plaintiff (Meccano Limited) filed the second suit in the Southern District of New York. We will designate it the "Wanamaker-Structo suit." A certified transcript of the record therein is on file in this Court in connection with a petition for certiorari (denied) in No. 1054, October term, 1918. The bill (see said transcript of record) charges (par. 1) that Wanamaker "deals in certain toy-building outfits known as 'Structo' and also separate parts * * * and * * * Manuals of Instruction," etc., and that "said acts by said defendant aforesaid constitute unfair competition with your orator with respect to its toy-building product

known as 'Meccano'"; and further charges (par. XIV and XV) that during the period it was under injunction (R., 117) in the case at bar, said Wanamaker offered for sale and sold (acts not denied by the answer) said

"'Structo' product aforesaid, said product counterfeiting and unlawfully imitating your orator's Meccano product in substantially the same manner as the latter was counterfeited and imitated by said American Model Builder product" (par. XV of bill).

Some time after such filing of the Wanamaker-Structo suit, the Court of Appeals rendered its decision holding that the issue in the case at bar applies to Wanamaker's dealings not only in American Model Builder, but in other toys as well, that is in "Structo." That decision left the relationship of the two Wanamaker suits in confusion and uncertainty, and therefore, pending this Court's decision herein on the disputed point of scope of issue, petitioner-plaintiff urged postponement of the trial of the Wanamaker-Structo suit. The New York District Court refused to stay the trial, and the Court of Appeals, Second Circuit, did likewise, thereby seemingly repudiating its own prior ruling that the issue here embraces Wanamaker's dealings in other toys such as "Structo." Thereupon, plaintiff applied to this Court for writ of certiorari (denied June 9, 1919) and for writ of mandamus (denied May 5, 1919). The brief of respondent Wanamaker opposing petition for writ of certiorari in the case at bar, represents to this Court that the issue in this suit is not limited to American Model Builder; in other words, embraces Wanamaker's dealings in "Structo." In direct conflict therewith, the aforesaid brief of the same respondent Wanamaker, opposing the certiorari petition in the Wanamaker-Structo suit, correctly represents to this Court that the two Wanamaker suits involve "different issues," the suit at bar concerning only Wanamaker's dealings in American Model Builder and the other suit Wanamaker's dealings in

"Structo." The last-mentioned brief—respondent's brief in No. 1054, October term, 1918,—says (emphasis ours):

"The facts pertinent to the application are briefly these:

"Petitioner heretofore brought suit against the *named* defendant, John Wanamaker, New York, for alleged 'unfair competition,' arising out of the exploitation and sale by it of a toy known as the 'American Model Builder.' This suit is referred to as the 'First Wanamaker suit.' While the bill therein contained a general prayer for relief, *the acts specifically complained of related to the merchandizing of said toy ONLY.* It appeared that one Francis A. Wagner, the manufacturer, had an interest in the suit.

"Thereafter petitioner brought this suit (known as the 'Second Wanamaker Suit') against the *named* defendant, and while *the bill herein* also alleges 'unfair competition,' *it is based upon an entirely different state of facts from those in the 'First Suit,' the 'unfair competition' here alleged arising out of the merchandizing and sale of a different toy known as the 'Structo' toy* (p. 2).

"It is therefore respectfully submitted that the petition should be denied for the following reasons:
* * * 2. *The present case involves different issues from those involved in the 'first Wanamaker suit'*
* * * (p. 3).

"The issue in the 'First Suit' is whether or not the defendants have committed a fraud upon the plaintiff and the public by palming off the 'American Model Builder' as the product of the plaintiff. That issue depends entirely upon the particular facts to be presented.

"In this 'Second Suit,' the issue is whether or not the defendants * * * have been guilty of fraud by palming off the 'Structo Toy' as the product of the plaintiff. This again depends entirely upon the particular facts, and *these facts must necessarily be different from those to be presented in the 'First Suit.'* That this is so is clearly shown by the petitioner's action in bringing separate suits, and *the facts nec-*

sary to sustain the cause of action alleged in the 'Second Suit' could not possibly be proven under the bill in the 'First Suit,' because they are not alleged therein" (pp. 4, 5).

This Court—seemingly convinced of the correctness of such contentions of Wanamaker's counsel and the limitation of the issue in the present case to Wanamaker's dealings in American Model Builder (and hence the distinctness of issues in the two suits), and disapproving the theory (of the C. C. A. 2nd) extending the issue of the case at bar to Wanamaker's dealings in Structo—denied petitioner's applications for both writ of certiorari and writ of mandamus, and thus declined to stay the trial of the Wanamaker-Structo suit.

Thereafter, in July, 1919, said Wanamaker-Structo suit was amicably settled. By that settlement the Structo Manufacturing Co. (the manufacturer who supplied the product to Wanamaker) assumed (with the approval of plaintiff) all liability of Wanamaker arising from its dealings in the Structo product, this being shown by a paper entitled "Plaintiff's Approval of Transfer of Liability from John Wanamaker, New York, to the Structo Manufacturing Co.," printed as Appendix B hereto (verified copy filed with the papers). There was filed in the Court a "Stipulation *re* Party Defendant" (printed as Appendix C, verified copy with papers) substituting the Structo Co. for Wanamaker as defendant. And thereupon a final decree (printed as Appendix D, certified copy with papers) was entered, adjudicating plaintiff's rights, holding the Structo product to be unlawful on the ground of unfair competition, and waiving an injunction and an accounting.

Thus, the Wanamaker-Structo suit and all controversy between the parties hereto concerning Wanamaker's dealings in said Structo, have been amicably settled. Wanamaker's liability on that score has been finally disposed of, as authen-

tically appears from the papers just referred to. If the Court of Appeals was correct in holding, in effect, that (at the time of its decision) the issue herein extended to Wanamaker's dealings in *Structo*, then the aforesaid settlement has by act of both parties to the litigation, wrought a change in the status of the issue, a change which repudiates all *theory* that the issue herein *now* extends beyond American Model Builder, and a change which renders moot further dispute or argument based upon any such theory. If that amicable settlement took nothing out of the issue, then the Court of Appeals was in error in holding that the issues herein "involve not only the defendant's [Wanamaker's] right to sell Wagner's [American Model Builder] toys and manuals, but any others which it may procure elsewhere" (R., 147). If that settlement, consummated since the decisions below and since the grant of certiorari by this Court, did take something out of the issue herein, then this Court will dispose of this case with regard to such changed status, *i. e.*, restriction of the issue to Wanamaker's dealings in American Model Builder. In its recent decision in *Watts Co., Ltd., vs. Unione, etc.*, 39 S. C. R., 1, 2; in which other authoritative decisions are cited, this Court said (emphasis ours):

"Since the certiorari was granted, the relation of the parties to the Court has changed radically. Then, as earlier, the proceeding was one between alien belligerents in a court of a neutral nation. Now, it is a suit by one belligerent in a court of a co-belligerent against a common enemy."

"This Court, in the exercise of its appellate jurisdiction, has power not only to correct error in the judgment entered below, but to make such disposition of the case as justice may at this time require."

"And in determining what justice now requires the Court must consider the changes in fact and in law which have supervened since the decree was entered below."

In *Crozier vs. Krupp*, 224 U. S., 290; 32 S. C. R., 488, in reviewing (and reversing) by writ of certiorari a decree of the Court of Appeals, D. C., which reversed a decree sustaining a demurrer to and dismissing the bill in a suit against an army officer for infringement of a patent, this Court said (emphasis ours) :

"But we do not think under the conditions which presently exist, we are called upon to consider the correctness of the theory upon which the Court of Appeals placed its decision, or the soundness of the contentions at bar by which that theory is supported on the one hand or assailed on the other. We reach this conclusion because, since October 7, 1908, when the decision of the Court of Appeals was rendered, the subject to which the controversy relates was dealt with by Congress by a law enacted on June 25, 1910, 36 Stat. at L., chap. 423, p. 851." (32 S. C. R., 490.)

"Upon the hypothesis that the decree of the Court below, remanding the case for further proceedings not inconsistent with its opinion, was correct under the conditions existing when it was rendered, clearly, under the circumstances now existing, that is, the acquiring by the Government, under the right of eminent domain, as the result of the statute of 1910, of a license to use the patented inventions in question, there could be no possible right to award at the end of a trial the permanent injunction to which the issue in the case was confined." (32 S. C. R., 493.)

In the recent case of *Lindley vs. Denver*, 259 Fed., 83, 87, 88, the Court of Appeals for the Sixth Circuit said (emphasis ours) :

"Upon a writ of error, an appellate court will direct the entry of that order which should have been made by the trial court on the day when it entered the judgment under review; upon an appeal in equity, there is no such hard and fast rule; the appellate court will direct the order which ought to be made AS THE SITUATION EXISTS AFTER THE MANDATE GOES DOWN; and this leads to the steps which may naturally be here anticipated."

By the citation of these authorities, we are not urging that the status of this litigation has been changed; but we are urging that, regardless of whether or not there has been a change, this Court has full power and authority *now* "to make such disposition of the case as justice may at this time require."

Part 10—Recapitulation as to Established Identity of Issues in the Two Suits and Proposed Amendment and Disclaimer to Confirm Limitation of Issue Herein to American Model Builder Product.

This suit undeniably concerns the *same American Model Builder product* as was the basis of the Ohio judgment. Petitioner has established its right to both preliminary and permanent injunction and to an accounting concerning *that product*, and such relief should be promptly afforded. The issues in this suit concern in reality only *that product*, and hence are coextensive with the issues in the Ohio suit. The bill of complaint, in its statement of the ultimate facts upon which the plaintiff asks relief, is restricted to American Model Builder product. Defendant's answer confirms the limitation of the issue to *that product*. Plaintiff's affidavits concern only Wanamaker's dealings in *that product* with introduction of a few *exhibits thereof only*. Respondent's reply affidavits affirmatively assert the issues in both suits to be *substantially the same* and directed to "*the same goods or toy outfits*." The motion (and affidavit) of the manufacturer Wagner, before the Court of Appeals, Sixth Circuit, seeking to enjoin the present suit, assert the issues and product to be the same. The decision of the District Court herein found the Ohio suit to be upon the precise issues involved in this cause. Wagner's second petition for rehearing in the Ohio suit, certified by counsel (Mr. H. A. Toulmin) as being "truly founded both in fact and law," asserts that the issues and subject-matter in the two suits are the *same*. In respondent's brief in the Wagner mandamus proceedings before this

Court, said Wagner and his counsel (the same as here) represent the issues and subject-matter of the two suits to be the same.

The Wanamaker-Structo suit was filed because this first Wanamaker suit is restricted to Wanamaker's dealings in the American Model Builder. In opposing petition to this Court for certiorari to stay the trial of said Wanamaker-Structo suit, Wanamaker's counsel repeatedly represent to this Court that the subject-matter and issues of this first suit relate only to American Model Builder product and do not extend to Wanamaker's dealings in other products, such as Structo. Said Wanamaker-Structo suit and all controversy between the parties concerning Wanamaker's dealings in Structo have been amicably settled. If there has been any change in the status of this cause since the decision of the Court of Appeals below, and since the grant of writ of certiorari herein, eliminating from the issues herein acts of Wanamaker concerning toys other than American Model Builder and limiting the issues herein to that product, this Court will dispose of the case in view of such "changes in fact and in law which have supervened since the decree was entered below" (*Watts vs. Unione, supra*), and will do so without considering "the correctness of the theory upon which the Court of Appeals placed its decision" and regardless of whether said decision "was correct under the conditions existing when it was rendered" (*Crozier vs. Krupp, supra*).

If, upon the pleadings, the issues of this suit ever concerned other than the American Model Builder product, the parties hereto have long since by their acts aforesaid and their repeated limitative declarations, now restricted the issues to that one product, and none other. And certainly, should this case ever come to trial, neither party would be permitted to introduce evidence or raise an issue, concerning Wanamaker's dealings in any other product. If any such issue was ever presented herein (which petitioner denies), it has in *fact* been eliminated and disclaimed.

To add *form* to such limitation and disclaimer, and with the further object of avoiding needless argument and

dispute before this Court regarding what is now at best a moot question, to wit—the theory that the issues herein extend to Wanamaker's dealings in other than the same American Model Builder product that was involved in the Ohio suit—petitioner has proposed both an amendment of the bill of complaint and a disclaimer.

After the aforesaid amicable settlement of the Wanamaker-Structo suit, and in view thereof, petitioner, on or about September 6, 1919, moved the District Court “for leave to amend the bill of complaint herein * * * or, in the alternative, for leave to apply to the Supreme Court of the United States for permission to have such amendment entered in this Court” (see motion and amendment, certified copies filed with the papers). Such motion was made in the District Court, because, on August 20, 1918, that Court had entered an order (certified copy with the papers) directing that “all further proceedings herein be stayed” pending the Supreme Court's final disposition of the cause. The part of said amendment particularly in point* is the proposed addition to the bill of the following paragraph, to wit:

“XV. And your orator shows that in the present suit it complains solely of this defendant's actions in dealing in and handling the aforesaid American Model Builder product and manuals put out originally by the aforesaid Francis A. Wagner (trading as The American Mechanical Toy Company), and subsequently by said The American Mechanical Toy Company, a corporation; and your orator seeks relief against this defendant solely with respect to said American Model Builder product and manuals.”

The district court (Judge Mayer) denied the motion “without prejudice” (certified copy of decision filed with the papers), saying that “this court hesitates to take any

*The amendment also strikes from the bill all allegations concerning the patent now withdrawn from suit, and adds allegations concerning happenings in the Ohio suit since the bill was filed.

action expressing its views as to the merits of the motion for leave to amend, while the issues are pending in the Supreme Court," and stating that "plaintiff should, in the first instance, make such motion in the Supreme Court." The decision remarks that the motion is one asking it (the district court) to "permit the complaint to be amended so as to change the scope or extent of the controversy now pending in the Supreme Court," but petitioner respectfully submits that the issues herein do not in reality now go beyond the American Model Builder product, and that entry of the amendment would not change the "scope or extent of the controversy here pending," but would merely confirm by affirmative allegation a condition now existing and place that question beyond unnecessary argument and dispute.

The court below, having declined to "express its views" on the merits of the proposed amendment, there may be doubt whether this Court will do so in the first instance. But this Court may, it is respectfully submitted, permit and direct the entry of a written disclaimer (or the aforesaid amendment, as this Court may deem proper) of the same purport. Accordingly, respondent has been duly served with a proposed written disclaimer, and with notice* that at the hearing of this cause, petitioner will ask permission to submit such disclaimer, the same to be filed and entered in this Court, or in the courts below, as this Court may in its discretion direct. By said disclaimer the plaintiff, Meccano Limited,

"hereby disclaims and remits and renounces and forever quit-claims in favor of John Wanamaker, New York, the above-named defendant, any and all remedy and relief and recovery of whatsoever nature which may or might be granted to said plaintiff under its Bill of Complaint herein, *except* in so far as the same relates to said defendant's handling or dealing in or selling or offering for sale the structural-

*The papers are printed separately as Petitioner-Plaintiff's Motion for Permission to Submit and File a Disclaimer.

toy product known as "American Model Builder" and the printed manuals and instruction books relating to the same, procured by said defendant from (originally) Francis A. Wagner (trading as "The American Mechanical Toy Co."), or from (subsequently) The American Mechanical Toy Co., an Ohio corporation, and in so far as the same constitutes unlawful competition with plaintiff's "Meccano" product and manuals, and in so far as the same constitutes infringement of plaintiff's registered copyrights No. 291,375, dated June 22, 1911, and No. 294,670, dated August 14, 1911."

Petitioner repeats that the issue herein never has extended beyond the American Model Builder product; and that, if upon the pleadings, the issue herein ever did embrace other products, it (the issue) has long since, in effect, been limited to said American Model Builder product, and will be in *form* so limited by the proposed disclaimer (or amendment). Upon the supposition that the issue has not, in fact and in effect, been heretofore so limited, said disclaimer will have that effect. Under the authorities hereinbefore cited, this Court may dispose of the case in view of any changes in fact and law brought about by such disclaimer, regardless of whether the decisions of the court below were correct under the conditions existing when they (said decisions) were rendered.

Certainly, respondent cannot complain of being thus relieved by disclaimer (or amendment) of liability except as to its dealings in American Model Builder product alone. And, again, we remark that whether or not the issues in this cause involve other toy products, said issues do undeniably involve the American Model Builder, and as to that product plaintiff is entitled, in view of the conclusiveness of the Ohio suit judgment, to both preliminary and permanent injunctions and to an accounting.

Part 11—Authorities.

(A) On the point of the conclusiveness of the Ohio decree to the case at bar, we have hereinbefore cited *Southern Pacific R. R. Co. vs. U. S.* and *Hart Steel Co. vs. Ry. Supply Co.*

Further reference to the *Hart Case* may be of convenience to the Court. The product in issue in the two suits there involved was a 5,000-ton lot of tie-plates manufactured by the Hart Company and sold by its agent, the Elyria Iron & Steel Co. The "first case" in the seventh circuit was against the manufacturer, The Hart Co.; while the "second case" in the sixth circuit was against the selling agent, the Elyria Co. A final judgment by the Court of Appeals in the second case in the sixth circuit was invoked by motion before the Court of Appeals as *res adjudicata* in the first case in the seventh circuit. The decision says:

"The Elyria Iron & Steel Company, the defendant in the Second Case, was a manufacturing corporation and was the owner of all of the capital stock of the Hart Steel Co., the defendant in the First Case, which was the selling agent of the Elyria Company, and Wood was its manager. The same defenses being relied on in the two cases * * *. On the 6th day of October, 1914, the first day of the next ensuing term of the Circuit Court of Appeals for the Seventh Circuit, the defendants in the first suit which was still pending undetermined, filed a motion praying that court to affirm the decree of the Circuit Court, upon the ground that all of the issues in the case had been fully and finally determined and adjudicated by the Circuit Court of Appeals of the Sixth Circuit in the Second Case * * *." (37 S. C. R. 506, 507.)

"With the identity of the subject-matter and issues of the two cases admitted, the privity of parties to them clear, and the question of the ruling effect of the decree of the Circuit Court of Appeals for the Sixth Circuit presented in an appropriate manner to the Circuit Court of Appeals of the Seventh Circuit, a court of co-ordinate jurisdiction, we cannot doubt that the latter court fell into error in not sustaining

the motion of the petitioners to affirm the decision of the Circuit Court. The defendants should not have been put to further expense, delay, and trouble after the motion was presented. The question is ruled by *Kessler vs. Eldred*, 206 U. S. 285, *Brill vs. Washington R. & E. Co.*, 215 U. S., 527, and *Russell vs. Place*, 94 U. S., 606.

"This doctrine of *res adjudicata* is not a mere matter of practice or procedure inherited from a more technical time than ours. It is a rule of fundamental and substantial justice, 'of public policy and of private peace,' which should be cordially regarded and enforced by the courts to the end that rights once established by the final judgment of a court of competent jurisdiction shall be recognized by those who are bound by it in every way, wherever the judgment is entitled to respect. *Kessler vs. Eldred, supra.*" (37 S. C. R., 507, 508.)

In *Kessler vs. Eldred, supra*, 27 S. C. R., 611; 206 U. S., 285; 51 Law Ed., 1065, Kessler had successfully defended a first suit; whereas in the case at bar the first suit has resulted in a judgment for plaintiff. In deciding that Kessler was entitled to enjoin the bringing of other suits against his customers as to the same product, the Supreme Court said:

"Leaving entirely out of view any rights which Kessler's customers have or may have, it is Kessler's right that those customers should, in respect of the articles before the court in the previous judgment, be let alone by Eldred, and it is Eldred's duty to let them alone. The judgment in the previous case fails of the full effect which the law attaches to it if this is not so. If rights between litigants are once established by the final judgment of a court of competent jurisdiction those rights must be recognized in every way, and wherever the judgment is entitled to respect, by those who are bound by it. Having, then, by virtue of the judgment, the right to sell his wares freely, without hindrance from Eldred * * *." (27 S. C. R., 613.)

In discussion of the Kessler-Eldred case in *Rubber Tire Wheel Co. vs. Goodyear T. & R. Co.*, 34 S. C. R., 403, 405; 232 U. S., 413, this Court remarks that the decree in the first suit "had the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter * * * without molestation by Eldred through the patent," and that "the equity thus sustained sprang from the decree in the former suit between the parties," and that Kessler's right to make and sell, which has been "unsuccessfully challenged as an infringement was deemed to include the right to have others secure in buying that article, and in its use and resale."

Upon the same principle, the Ohio judgment establishes petitioner's right of immunity from further interference by Wagner, such as his defense of this suit.

In his dissent herein, Judge Learned Hand refers to Kessler *vs.* Eldred as "a case of somewhat the same character" as that at bar, further stating—

"It seems to me there is no substantial difference between Kessler's right in that case, which was his 'good-will' ('universitas'), and the specific right established in this case in the plaintiff's favor against Wagner. I dissent" (R., 152).

In its decision herein on plaintiff's motion for "decision on the merits," the Court of Appeals says:

"It might, for example, be held under an extension of the doctrine of Kessler *vs.* Eldred, 206 U. S., 285, that the purchase of toys and manuals from Wagner, which he had been enjoined from selling, if not in actual contempt of that decree, was at least in derogation of the plaintiff's rights established thereby, and thus a tort against it, regardless of defendant's personal rights to sell toys and manuals if bought from others or to manufacture them itself and sell them without the co-operation of Wagner" (R., 146-7).

The immunity of an article in the hands of a customer as the result of successful defense of a suit against the manufacturer, has been established in *Kessler vs. Eldred* and like cases. But the status of an article in the hands of a customer, after it has been held fraudulent and unlawful in a suit against a manufacturer, has not been directly decided by this Court.

Brill vs. Washington Ry. & Elec. Co., 30 S. C. R., 177; 215 U. S., 527, 54 L. Ed., 311. On appeal, the Supreme Court affirmed the Court of Appeals of the District of Columbia, which had affirmed the lower court in dismissing bill upon a holding of non-infringement of patent. This suit against a user was defended by the Peckham Mfg. Co., the vendor and successor by purchase to the Peckham Motor Truck & Wheel Co. In another suit by the same plaintiff (*Brill*) against the North Jersey Street Ry. Co., on the principal patent claim here relied upon, the C. C. A. held the claim void (134 F., 580), reversing the circuit court (125 F., 526) in that suit "said to have been defended by the Peckham Motor & Truck Co." This Court said:

"If the first Peckham Company was privy to the decree declaring the patent void, there would be great force in the argument that that decree established, as against the plaintiff, the right of the Peckham Mfg. Co. to make and sell the patented article, and that *the right ought to be recognized in a suit against its customer, defended by it.* *Kessler vs. Eldred*, 206 U. S., 285, 288, 289, 51 L. Ed., 1065, 1067, 1068, 27 Sup. Ct. Rep., 611." (Emphasis ours.)

Paraphrasing that language to the facts of the case at bar, the Ohio decree established, as against the defendant Wagner of the Ohio suit, the right of Meccano Limited to prevent the making and selling of the unlawful American Model Builder product, and that right ought to be recognized in a suit against Wagner's customer, defended by him.

Penfield vs. Potts Co., 126 F. R., 475, 479, 6th C. C. A. (Lurton, Severens and Richards, decision by Lurton) :

"Now it came to pass that the suit of Potts *et al. vs.* The Anderson Foundry and Machine Works was finally decided in the Court of Appeals for the Seventh Circuit before a final decree in this present suit, * * *. Thus the question in respect of the infringement of the third claim was in each of these two cases identical, and, if the appellants were privies with the Anderson Machine Company in such sense that they would have been concluded by a decree determining a question litigated upon the same evidence in each case, it must follow, from the mutuality of an estoppel, that the patentees who were plaintiffs in both cases would be also concluded, for an estoppel by judgment or decree must be mutual. * * * That the appellants did join * * * in the defense of that case, * * * and that their conduct in defending that case * * * was well known to the opposite party * * * is not denied. * * * *An estoppel by a decree exists, although the demand in the two cases is not the same, whenever the question upon which the recovery in the second case depends has been before decided, under like conditions, between the same parties or those in privity with them.* Southern Pacific R. Co. *vs.* U. S., 168 U. S., 1; 18 S. C. R., 18; 42 L. Ed., 355." (Emphasis ours.)

Sacks vs. Kupferle, 127 F. R., 569 (C. C., E. D. Mo., E. D.). There had been a first suit against a customer defended by the manufacturer, who was the defendant in this second suit.

"The claim and demand sued upon in that case were the same as those now involved in the present case. The parties were, in contemplation of law, the same in that case as are now involved in this case. It is of no legal significance that the defendant's factor or agent was the nominal party in the Massachusetts case. The facts are * * * that the de-

*defendant Kupferle * * * manufacturer * * **
*undertook the full defense. * * ** Accordingly,
 the final judgment rendered in the Massachusetts
 case on the merits was a 'finality as to the claim or de-
 mand sued on, concluding parties and those in privity
 with them, not only as to every matter which was of-
 fered and received to sustain or defeat the claim or de-
 mand, but as to any other admissible matter which
 might have been offered for that purpose.' *Crom-*
well vs. The County of Sac., 94 U. S., 351." (Em-
 phasis ours.)

Warren Featherbone Co. vs. De Camp, 154 F. R., 198.
 In a first suit, the same plaintiff had sued the American
 Featherbone Company on the same patent and issue.
 De Camp, the defendant in this second suit, became agent
 for that company, and because of such privity, pleaded
 estoppel by the judgment in the prior suit. Referring to the
 successful defense of the first suit, the decision remarks:

"Under the decisions, that defense inures to the
 benefit of those in privity with the latter company"
 (p. 199). "Clearly defendant must have entered
 into the employment of said American Featherbone
 Company charged with knowledge of the then pend-
 ing suit. He was in position to win or lose with his
 principal, and his relation to that suit invested his
 case with that mutuality which is an essential ele-
 ment of estoppel" (p. 200).

Thus, *defendant having prevailed* in the prior suit, the
 Court dismissed the bill in the later suit on the ground of
res adjudicata; but *had defendant lost* in the first suit, the
 judgment therein would have been equally conclusive
 against him and his privy De Camp in the second suit.
 [That is the position of Wanamaker and Wagner in the
 case at bar.] Plaintiff would have been entitled to judg-
 ment on the merits in the second suit, leaving for determi-
 nation only the amount of profits and damages. [That is
 what Meccano Limited is entitled to in the case at bar.]

(B) In the language of Judge Learned Hand's dissenting opinion herein (R., 151)—“quit independently of how we [the C. C. A. 2nd] might ourselves view the transaction out of which the Ohio decree proceeded” and “regardless of what relief we might have given the plaintiff upon the state of facts [in the Ohio suit],” the Ohio decree should have been upheld and enforced in the present suit, both as to the grant of preliminary injunction and as to petition's motion for a decision on the merits carrying a permanent injunction and an accounting. In other words, the Ohio decree is conclusive and its correctness is not open to attack or consideration under the circumstances here present.

Forsyth vs. City of Hammond, 17 S. C. R., 665; 166 U. S., 506.

City of New Orleans vs. Citizen's Bank of La., 167 U. S., 371, 379.

Southern Pacific R. R. Co. vs. U. S., 168 U. S., 1; 18 S. C. R., 16; 42 L. Ed., 355.

Bates vs. Bodie, 28 S. C. R., 182; 245 U. S., 520; 62 L. Ed., —.

Case vs. Beauregard, 101 U. S., 688.

Hubbell vs. U. S., 171 U. S., 203; 19 S. C. R., 21.

In the *City of New Orleans case*, *supra*, this Court said:

“And the law of Louisiana is exactly in accord with the rulings of this Court; for, as said by the Supreme Court of Louisiana in *Heroman vs. Institute of Deaf and Dumb*, 34 La. Ann., 814:

“No principle of the law is more inflexible than that which fixes the absolute conclusiveness of such a judgment upon the parties and their privies.

“Whether the reasons upon which it was based were sound or not, and even if no reasons at all were given, the judgment imports absolute verity, and the parties are forever estopped from disputing its correctness. *Cooley, Const. Lim.*, 47 *et seq.*, and authorities there cited.

"Matters once determined in a court of competent jurisdiction may never again be called in question by parties or privies against objection, though the judgment may have been erroneous, and liable to, and certain of, reversal in a higher court. Bigelow, Estop. (3d Ed.) Outline, pp. lxi, 29, 57, 103."

(C) Regardless of identity of issues and identity or privity of parties in the two suits, the decision and decree of the Court of Appeals for the Sixth Circuit, a Court of co-ordinate jurisdiction, should have been accepted and enforced by the Court of Appeals for the Second Circuit as conclusively supporting the grant of preliminary injunction in this case, involving identically the same product as was held unlawful in the Sixth Circuit case.

National F. & P. Works vs. Oconto City W. S. Co.,
22 Sup. Ct. 111; 183 U. S., 216; 46 Law Ed., 157.

Hancock National Bank vs. Farnham, 20 S. C. R.,
506; 176 U. S., 640; 44 Law Ed., 619.

Penfield vs. Potts Co., 126 F. R., 475, 478, the 6 C. C. A. (Lurton, Severens and Richards, decision by Lurton).

In *Westinghouse Elec. & Mfg. Co. vs. Stanley Lumber Co.*, 133 Fed., 167, the 1st C. C. A., said:

"On several occasions we have explained our disposition to follow the decisions of the Circuit Court of Appeals in other circuits, recognizing them as carrying practically the same weight as our own. * * * The Supreme Court laid down a like practical rule in *Holbs vs. Beach*, 180 U. S., 383, 388, 389; 21 Sup. Ct., 409; 45 L. Ed., 586" (pp. 172, 173).

In *Gidd vs. Newton*, 251 Fed., 824, the C. C. A., 2nd (Judges Ward, Hough and Manton), says (emphasis ours):

"Even if we admit all the foregoing, we remain of opinion that the decent and speedy administration of

the law does not permit a Court of (in this matter) substantially co-ordinate jurisdiction to (in effect) overrule or disregard all that has hitherto been done, [by the Court of Appeals of the District of Columbia] unless and except this *whole Court* is very sure of the matter after considering evidence that is not only persuasive but new" (p. 828).

This is by the same Court of Appeals for the Second Circuit which refused—not by the "whole court," for there was a dissenting opinion (R., 151)—to enforce in the case at bar the decision and decree of the Court of Appeals for the Sixth Circuit.

(D) The judgment in the Ohio suit should also be upheld and applied under the rule that the finding of a trial court, based upon testimony given in open court, must be treated as unassailable.

Adamson vs. Gilliland, 37 S. C. R., 169, 170; 242 U. S., 350; 61 Law Ed., 356, 357.

U. S. vs. United Shoe Mch. Co. of N. J., 38 S. C. R., 473, 475, 476.

Westermann vs. Dispatch Co., 233 F. R., 609 (6th C. C. A.).

Luten vs. Sharp, 234 F. R., 880 (8th C. C. A.).

Gibson vs. Amer. Graphophone Co., 234 F. R., 633, 635 (2nd C. C. A.).

The Court of Appeals for the Second Circuit, in the case at bar, passes over the findings by the Ohio trial court (affirmed by the 6th C. C. A.) after a lengthy trial during which defendant-manufacturer Wagner and his witnesses testified and undertook to justify his product, and has reversed the order granting preliminary injunction herein.

(E) The order granting preliminary injunction should have been affirmed by the Court of Appeals for the Second

Circuit under the established rule that such an order will not be disturbed unless it is clearly shown that in granting it the District Court improvidently exercised or abused its legal discretion. Supported as it is by the unanimous opinions and judgments of four judges in the Sixth Circuit, the New York District Court would have failed to exercise proper discretion had it refused the injunction. A few of the decisions are:

Rahley vs. Columbia Phonograph Co., 122 F. R., 623, 625, 4th C. C. A.

Neff et al. vs. Coffield Co., 210 F. R., 166, 167, 4th C. C. A.

Blount vs. Societe Anonyme, etc., 53 F. R., 98, 100, 6th C. C. A.

Magruder et al. vs. Belle, etc., 219 F. R., 72, 82, 8th C. C. A.

Duplex Co. vs. Campbell Co., 69 F. R., 250, 252, 6th C. C. A.

Kings Co. vs. U. S. Raisin Co., 182 F. R., 59, 60, 9th C. C. A.

Stearns-Rogers Mfg. Co. vs. Brown, 114 Fed., 939, C. C. A. 8th.

(F) The Court of Appeals for the Second Circuit has failed to give to the final judgment and decree of the Court of Appeals for the Sixth Circuit full faith and credit as is required by Article IV of the Constitution of the United States and section 905 Revised Statutes. In *Bigelow vs. Old Dominion Copper Co.*, 225 U. S., 111, 133; 32 S. C. R., 641, after referring to the language of the Constitution and to the act of Congress (R. S., sec. 905) giving effect thereto, and to the fact that the decisions of the United States Courts are for the purpose of the act considered as those of courts of the States, this Court said:

"The effect of this clause is to put the judgment of a court of one State, when sued upon, or pleaded in

estoppel, in the courts of another State, upon the plane of a domestic judgment in respect of conclusiveness as to the facts adjudged."

CONCLUSIONS.

Upon the established identity or privity of parties in this and the Ohio suit, and with respect to the same American Model Builder product complained of in both suits, and hence covered by the decree in the Ohio suit, the Court of Appeals for the Second Circuit erred (*a*) in its order (R., 178) reversing, with costs to respondent-defendant, the order of the District Court granting preliminary injunction, and (*b*) in its order (R., 148) denying petitioner-plaintiff's motion for decree on the merits.

Petitioner-plaintiff prays this Court to reverse both said orders with costs in this Court and the courts below, and for any other relief to which petitioner-plaintiff may be entitled in this cause.

Washington, D. C., December, 1919.

Respectfully,

REEVE LEWIS,

Of Counsel for Petitioner-Plaintiff,

Meccano Limited.

C. A. L. MASSIE,

W. B. KERKAM,

RALPH L. SCOTT,

Of Counsel.

ADDENDUM.

This Court May Grant the Relief Sought.

Refusing relief on other grounds, the Court of Appeals "passed" and "left open" the "question of practice" whether it might "enter a decree for the plaintiff" (R., 146). But, under the established practice, there can be no doubt of that Court's authority to have so disposed of the case. In the leading case of *Mast, Foos & Co. vs. Storer Co.*, 20 S. C. R., 708; 177 U. S., 485; 44 Law Ed., 856, in a suit pending before the Court of Appeals on an appeal from an order granting preliminary injunction, that Court not only reversed the order, but dismissed the bill (89 Fed., 333); and this Court (the Supreme Court) finding that all the controlling facts were properly before it, affirmed the Court of Appeals. As remarked by the Court of Appeals in its decision in the case at bar, "*Mast, Foos & Co. vs. Storer, supra*, was a case where the bill was dismissed and no case has so far held that the plaintiff could obtain an affirmative decree."

But there is no *reason* why an affirmative decree should not be promptly awarded a plaintiff by a Court of Appeals in a case pending before such Court on appeal from a preliminary injunction order, and that is particularly so where the appeal record establishes (as it does in the case at bar) the conclusiveness in such suit of a prior judgment in another suit. Our position is consistent with the *reasoning* in the *Mast-Foos case*. If the Court of Appeals can in one case (such as the *Mast-Foos case*) pending before it on a preliminary injunction appeal, *dismiss the bill* on the merits, thereby deciding in favor of *defendant*, certainly in another case similarly pending, the Court of Appeals may *sustain the complaint* upon the basis of a prior adjudication, and thereby decide in favor of *plaintiff*. There is no difference in principle and reason.

Furthermore, the Court of Appeals having refused to enforce herein the conclusiveness of the Ohio suit decree, and this (the Supreme) Court having brought the cause here by certiorari to review the question whether the Court erred in that respect, there can be no question of the power of *this Court* to grant adequate relief by the enforcement of said Ohio judgment, and to exercise that power regardless of the fact that this case reached the Court of Appeals below on appeal from a preliminary injunction order.

In the case of *Hart vs. Ry. Supply Co.*, *supra* (37 S. C. R., 506; 244 U. S., 294; 61 Law Ed., 1148), this Court held that a conclusive judgment in the Sixth Circuit, first invoked before the Court of Appeals, Seventh Circuit, after the case there had reached that Court on appeal, should have been promptly enforced by said Court of Appeals as *res adjudicata* in the case before it. The case was before the Court of Appeals, Seventh Circuit, after trial and on an appeal from a decree dismissing the bill. But can it be supposed that the rights of the parties and results would have been any different had the suit been pending before the Court of Appeals merely on appeal from a preliminary injunction order, with a record showing (as here) all the necessary facts to support the conclusiveness of the decree in the suit in the other circuit? And could it have made any difference had the *plaintiff* in both cases *been invoking* in the Seventh Circuit case a decree in the Sixth Circuit in its (*plaintiff's*) favor? The answer to both queries must be in the negative; there is no sound reason for answering otherwise.

In *Rock Springs Distilling Co. vs. W. A. Gaines & Co.*, 38 S. C. R., 327; 246 U. S., 312; 62 Law Ed., — (a certiorari case), upon an issue framed merely upon the conclusiveness of a prior adjudication, the District Court sustained the plea of former adjudication and dismissed the bill in so far as it sought relief for infringement of the trade-mark "Old Crow." The Court of Appeals reversed the District Court, and this

(Supreme) Court reversed the Court of Appeals and affirmed the District Court.

In *Hanover Star Milling Co. vs. Metcalf*, 36 S. C. R., 357; 240 U. S., 403; 60 L. Ed., 713, 716, there were two certiorari cases in which the courts below differed upon "fundamental questions." In one case the Supreme Court reversed the Court of Appeals for the Fifth Circuit in reversing the grant of preliminary injunction by the District Court, remarking that "No question is raised respecting the propriety of passing upon the questions at issue *on a review of decisions rendered upon applications for temporary injunction.*" Likewise, in the case at bar, there can be no impropriety in passing upon the question submitted by the petition for certiorari (the question of the conclusiveness of the Ohio decree) because the case reached the Court below upon appeal from a preliminary injunction order.

Respondent-Defendant's Erroneous Theory as to the Scope of This Court's Review Herein.

It is the theory of the respondent (Wanamaker, defended by Wagner) that *in this case* this Court will decide (1) whether the courts of the Sixth Circuit were right or wrong in deciding, upon the evidence before them in the Ohio suit (but not before this Court in this case), that the "American Model Builder" product, *per se*, constitutes unfair competition and copyright infringement with respect to petitioner-plaintiff's "Meccano" product, and (2) whether the Court of Appeals for the Second Circuit was right or wrong in its ruling herein, upon the evidence before it (preliminary injunction affidavits and exhibits), that "upon the question of copyright infringement and unfair competition we think the case [as made out by the affidavits and exhibits] not clear" (R., 150).

The theory is thus stated by Wagner's counsel (same as here) in the petition in the Wagner Mandamus Proceeding in this Court, to wit,

"the crucial question on which all of these proceedings are based is now awaiting the action of this [Supreme] Court for authoritative settlement * * * the decisive determination of the rule of law which shall govern this case [the Ohio suit] in the Sixth Circuit will be announced by this Court as soon as it reaches and decides the case of this plaintiff against John Wanamaker of New York, the customer of your petitioners" (pp. 1-12).

Such theories are manifestly erroneous. That this Court has not been asked to review (by certiorari or otherwise) and decide (and will not decide) whether or not the American Model Builder product, as compared with the Meccano product, is unlawful on the ground of unfair competition and copyright infringement, is confirmed by this Court's hereinbefore quoted statement (see Part 1 of the Brief) of the questions presented for its review and determination herein. They all concern the effect to be given the Ohio decree.

The District Court in Ohio (Judge Hollister) in its return to this Court's order to show cause in the Wagner mandamus proceeding, says (p. 13 of printed returns):

"the merits in the case before the Circuit Court of Appeals for the Second Circuit seemed to involve the sole question of the effect of the decree of the Circuit Court of Appeals for the Sixth Circuit upon the case of Meccano, Ltd., *vs.* Wanamaker, under the circumstances disclosed in that case, Wanamaker being a seller of Wagner's outfits, manuals, etc., and being defended in the litigation by Wagner."

The Court of Appeals, Sixth Circuit (Judges Warrington, Knappen and Denison), in its return in the same proceeding, says (p. 5 of the printed returns):

"(b) From the record as presented to us, showing the application to the Supreme Court for *certiorari*

in the Wanamaker case, we inferred that the matter of such difference of opinion upon the ultimate merits as there may be between our Court and the Circuit Court of Appeals of the Second Circuit, was only remotely involved; and that it was not probable that the Supreme Court, in its consideration of the certiorari case, would reach that matter."

Petitioner-plaintiff's brief in this Court in support of petition for certiorari says:

"This Court is not asked to review [herein] by *certiorari* the decision (R., 335) of the Court of Appeals for the Second Circuit in so far as it assumes to decide whether or not the American Model Builder product, as compared with petitioner's Meccano product, is unlawful on the ground of unfair competition and copyright infringement. This case has not yet gone to trial, and the affidavits and few exhibits produced on preliminary injunction motion do not constitute a record adequate fully to inform this Court regarding that question. Furthermore, it is petitioner's contention that—with the judgment of the Sixth Circuit Court of Appeals properly before it by petitioner's motion—such question was not open to decision by the Court of Appeals for the Second Circuit; and it is now sought to have this Court so rule" (p. 21).

Under the writ of certiorari, this Court is believed to have before it for determination merely whether or not, and to what extent, the decisions in the Wagner Ohio suit constitute an estoppel in this subsequently brought Wanamaker New York suit.

The Wagner Ohio suit has not been brought to this Court for review. In so far as this Court is called upon to consider the decision in that suit, such consideration will be solely for the purpose of *interpreting* said decision, *in order to apply* it to the situation presented in this Wanamaker New York

suit,—and not for the purpose of appellate review of said decision upon the merits. The affirmative rights of plaintiff, Meccano Limited, and the merits of the Wagner Ohio suit, and that American Model Builder product is unlawful upon the grounds of unfair competition and copyright infringement, have been finally adjudicated, and are not before this Court for review. It is a clear case of estoppel by judgment and *res adjudicata*, under numerous decisions of this Court, some of which have been hereinbefore cited.

Invoking the principle of law affirmed in such decisions, and upon the basis of the decisions and decree in the Wagner Ohio suit, Meccano Limited asserted its right to a preliminary injunction, and also to a decree on the merits, in this later Wanamaker New York suit. The Court of Appeals for the Second Circuit refused both. Judge Learned Hand, however, in his dissent (R., 151) to the decision reversing the preliminary injunction order, took the position that the judgment in the Wagner Ohio suit should have been accepted and enforced "quite independently of how we [C. C. A. 2nd] might ourselves view the transactions out of which the Ohio decree proceeded," and "regardless of what relief we might have given the plaintiff under the stated facts."

In other words, the Ohio decree is conclusive "whether the reasons upon which it was based were sound or not"; it is not open to review, "even if no reasons at all were given"; and, even assuming that "the judgment may have been erroneous," it "imports absolute verity and the parties are forever estopped from disputing its correctness" (*City of New Orleans vs. Citizens' Bank, supra*).

This Court has frequently granted its writs of certiorari to determine the conclusiveness, in a second suit, of a prior judgment in a first suit; for example—*Forsyth vs. City of Hammond*, 17 S. C. R., 665; 166 U. S., 506; 41 Law Ed., 1095; *Hart Steel Co. vs. R. R. Supply Co., supra*; *Rock Spring Distilling Co. vs. W. A. Gaines & Co., supra*.

That, we believe, will be as far as this Court will go, or have occasion to go, in this suit.

The reason given by the Court of Appeals for the Second Circuit for refusal of the interlocutory decree on the merits is that the issues in the two suits are deemed by that Court not "coextensive," the Wanamaker suit being held to embrace toys other than American Model Builder procured by Wanamaker and Wagner. And said Court refused preliminary injunction because "we [the court] think the case [made out by the affidavits and exhibits] not clear;" in other words, as stated by this (Supreme) Court in its decision (printed in Appendix A) in the aforesaid Wagner Mandamus Proceeding—

"the court [Court of Appeals, Second Circuit] held that a very clear case was necessary to justify a preliminary injunction for a claimed infringement of copyright or for unfair competition, * * * and that the affidavits and exhibits before the District Court were not sufficient to warrant its conclusions. For these reasons the order of the District Court allowing a temporary injunction was reversed."

Assuming (without admitting) the aforesaid decisions of the Court of Appeals herein to be sound, they do not finally decide and dispose of the case; and Meccano Limited, the plaintiff, has not yet had its full day in Court in this suit. There has been no trial and introduction of full proofs herein; no decree and appeal therefrom; and no final decision by either the District Court or the Court of Appeals.

Therefore, there has not been submitted, for review by this Court in this certiorari proceeding, any "crucial question" upon the point whether or not American Model Builder product by comparison with Meccano product constitutes unfair competition and copyright infringement. Upon that question the preliminary injunction record is

incomplete, although the same record is adequate upon the question of estoppel or *res adjudicata*,—which is the “crucial” question herein presented. Nor is it believed to be possible that this Court in rendering its decision herein, will, as predicted in the Wagner mandamus petition, announce a “decisive determination of the rule of law which shall govern” the Ohio suit against Wagner *et al.*

This Court has been asked to intervene in this suit upon the ground that the judgment in the Ohio suit (right or wrong) is controlling and conclusive in the New York suit, and this Court will “confine its discussion” and consideration “to the matters *relied upon in asking the intervention of this Court*” (*Alice State Bank vs. Houston Pasture Co.*, 38 S. C. R., 496; 247 U. S., 240; 62 Law Ed., 1096).

This Court will not pass upon the merits of the questions of unfair competition and copyright-infringement for the further reason that the Court of Appeals for the Second Circuit has, by statute (Sec. 128, Judicial Code), final jurisdiction over those matters; and that Court has not yet finally adjudicated such matters, but has only decided that the same have not been sufficiently established by the showing in support of preliminary injunction motion. The scope of this Court’s review of the Wanamaker New York suit is therefore ruled by decisions of this Court such as the following:

Lutcher vs. Knight, 30 S. C. R., 505; 217 U. S., 257; 54 Law Ed., 757:

“It is undoubted that by the operation of the writ of certiorari, granted in accordance with the provisions of the Judiciary Act of 1891 * * * the entire record is before us, with power to decide the case as it was presented to the Circuit Court of Appeals * * * we think this record presents an exception to the general rule of procedure above referred to. In other words, in a case like this we think the judg-

ment of the Circuit Court of Appeals must be reversed, and the case be remanded to that court, to the end that the duty to hear and decide it may be performed. To hold otherwise would be repugnant to the plain intent of the Act of 1891, since it would recognize a practice by which the concededly essential purpose of the Act of 1891 could be disregarded or be made practically of no avail."

Marconi vs. Simon, 38 S. C. R., 275; 246 U. S., 46; 62 Law Ed., 568:

"It follows, therefore, that to finally decide the case would require us to determine whether or not the apparatus as furnished was a direct infringement or mere contribution. But to do this would call for the exercise on our part of a duty which it was the province of the court below to perform, * * *. We do not, however, stop to dispose of them since we are of opinion that under the state of the record we ought not to do so but should leave them also to be considered for what they are worth by the court below."

Brown vs. Fletcher, 237 U. S., 583; 35 S. C. R., 750; 59 L. Ed., 1128:

"While it is clear, the question of jurisdiction being thus determined, that we have power to consider and dispose of the merits, we think it is equally clear that we ought not to exert the authority (a), because to do so would be out of harmony with the provisions of the Judicial Code, giving a right to direct review on questions of jurisdiction; and (b), because it would be in a broad sense incompatible with the provisions giving finality to the judgments and decrees of the Circuit Court of Appeals in cases, of which this is one, within the final competency of those courts, * * *. We say the second, because as this case is one over which the action of the court below is made final by the statute, we are of opinion that its refusal to decide the case on the merits because of an erroneous conclusion as to want of power

as a Federal Court to do so ought not, under the circumstances here disclosed, to be made the basis by which this Court would perform a duty which the statute contemplates should be discharged by the court below."

Hubbard vs. Tod, 19 S. C. R., 14; 171 U. S., 474; 43 Law. Ed., 246:

"This case belongs to the class of cases in which the decree of the Circuit Court of Appeals is made final by the statute. * * * having been brought up by *certiorari* * * * we shall confine our consideration of the case to the examination of errors assigned by petitioner."

We refer also to cases such as the following:

Leeds & Catlin Co. vs. Victor Co., 29 S. C. R., 495; 213 U. S., 301; 53 Law Ed., 805:

"Upon the bill and certain supporting affidavits, an order to show cause against a preliminary injunction was issued, which, coming on to be heard upon such affidavits, and other affidavits and exhibits, a preliminary injunction was granted. * * * It was affirmed by the Court of Appeals" (p. 497).

"This case is here on *certiorari* to an interlocutory decree of injunction" (p. 496).

After referring to the voluminous affidavits, covering matters litigated in a prior suit, this Court said:

"Upon this body of proof, formidable even in its quantity, and having no other elucidation than the arguments of counsel and some mechanical exhibits, presenting grave questions of fact, we are asked by petitioner to go beyond the action of the lower courts, and not only reverse them as to a preliminary injunction, but decide the case. If we should yield to this invocation and attempt a final decision, it would be difficult to say whether it would be more unjust to petitioner or to respondent" (p. 497).

"we may pass the defenses of anticipation, whether complete or partial, and the defense of infringement.

These are, we have already said, questions of fact which we are not inclined to pass upon unaided by the judgments of the lower courts, made after a hearing on the merits" (p. 498).

This Court, confining its review of the case to the *question of law*, as to the effect upon the term of a U. S. patent of the expiration of a prior foreign patent, refused "to go beyond the action of the lower courts" and "decide the case" upon other points not finally decided below.

For similar reasons, this Court will in the case at bar confine itself to the questions of law submitted by the certiorari petition, and will not "go beyond the action of the lower courts" and finally decide whether or not the American Model Builder product constitutes unfair competition and copyright infringement with relation to petitioner's Meccano product.

The decision and decree in the Ohio suit are a final adjudication that the American Model Builder product constitutes unfair competition and copyright infringement, and that adjudication is not before this Court for review. The *question of law* here is the effect to be given that adjudication in the present case.

Eagle Glass & Mfg. Co. vs. Rowe et al., 38 Sup. Ct., 80; 245 U. S., 275; 62 L. Ed., 286:

"A decree granting a temporary injunction was reversed by the Court of Appeals for the Fourth Circuit * * * writ of certiorari granted" (p. 81).

"So far as the decision of the Circuit Court of Appeals dissolved the temporary injunction * * * we see no reason to disturb the decision.

"But the Court went further, and directed a dismissal of the bill. Since the cause had not gone to final hearing in the District Court, the bill could not properly be dismissed upon appeal unless it appeared that the Court was in possession of the materials necessary to enable it to do full and complete justice between the parties. Where, by consent of parties, the case has been submitted for a final determination of the merits, or upon the face of the bill there is no

ground for equitable relief, the appellate court may finally dispose of the merits upon an appeal from an interlocutory order."

* * * * *

"But in this case the application for a temporary injunction was submitted upon affidavits taken *ex parte*, without opportunity for cross-examination, and without any consent that the Court proceed to final determination of the merits. Hence there was no basis for such a determination on appeal unless it appeared upon the face of the bill that there was no ground for equitable relief" (p. 83).

"Plaintiff is entitled to an opportunity, on final hearing, to prove these allegations as against those defendants who are within the jurisdiction of the Court, and to connect them with the activities of Gillooly" (p. 84).

While affirming the decree of the Court of Appeals so far as it dissolved the preliminary injunction, this Court thus found that the dismissal of the bill, before the cause had gone to final hearing in the District Court, was premature. Hence the decree was reversed in so far as it directed dismissal of the bill and the cause "remanded to the District Court for further proceedings in conformity to this opinion." With no dismissal or final hearing, there is still stronger reason for not reviewing, in the case at bar, questions other than the conclusiveness of the Ohio judgment.

The situation before this Court in this suit, and the authorities heretofore cited to show that this Court will not extend its review to the merits of the questions of unfair competition and copyright infringement (not yet finally decided by the courts below), readily differentiate from authorities heretofore cited upon that point by Wagner-Wanamaker.

For example, they cited *Panama vs. Napier*, 17 S. C. R., 572; 166 U. S., 280; 41 Law Ed., 1004, in which there had been a *final decree* (finding \$38,861.86 damages). On writ

of certiorari this Court reviewed the "whole case" and reversed the decree. In *Hamilton Brown Shoe Co. vs. Wolf Bros.*, 36 S. C. R., 269; 240 U. S., 251; 60 Law Ed., 629, the writ of certiorari followed a *final decree* by the C. C. A. 8th, and this Court felt called upon "to notice and rectify any error that may have occurred in the interlocutory proceedings." In other words, in all of such cases there had been an element of finality in the decision of the Court of Appeals; an exercise by such courts of their statutory final jurisdiction covering all matters reviewed by this Court.

Summarizing: The Ohio suit is not before this Court for review and decision. The questions of law for review and decision in the case at bar relate only to the conclusiveness to be given the prior judgment in said Ohio suit. The case at bar is before this Court on a record (preliminary injunction affidavits and exhibits) inadequate to a decision on the merits of the questions of unfair competition and copyright infringement. There has been no trial and final decision in this cause on said questions. Final jurisdiction in this case is given by statute to the Court of Appeals, Second Circuit, and has not yet been exercised. This Court will not, in effect, appropriate to itself such jurisdiction by a final decision—on the question whether or not the American Model Builder product constitutes unfair competition and copyright infringement—in advance of final decision thereon by said Court of Appeals.

Respondent-Defendant's Contention, re Invalidity of Hornby Patent on Plates and This Court's Decision in *Singer vs. June*, is Untenable.

In this contention respondent attacks the soundness of the decision of the Court of Appeals, Sixth Circuit—charges it to be erroneous. Since we are here invoking that decision (and the decree entered thereon) as conclusive and as an estoppel, this cause (for that and other reasons) does not

here present for consideration and decision the question whether or not said Ohio decision (and decree) was right or wrong. In other words, in the language of Judge Learned Hand in his dissenting opinion below (R., 151), the said Ohio judgment is effective "quite independently of how we [the Court of Appeals] might ourselves view the transactions out of which the Ohio decree proceeded * * * regardless of what relief we might have given the plaintiff upon the state of facts." Hence, there appears to be no possibility that this Court will feel called upon to consider respondent's said contention. The fact is, there is absolutely no merit in the contention.

Ever since the Court of Appeals, Sixth Circuit, held the Hornby patent* invalid, defendant Wagner in the Ohio suit, and respondent-defendant Wanamaker (defended by said Wagner) in this suit, have been harping upon the untenable theory that, upon the basis of such holding and in view of this Court's decision in *Singer vs. June*, 163 U. S., 169, said defendants in both suits (and their American Model Builder product) have become guiltless and immune upon the established and adjudicated charges of unfair competition and copyright infringement. The contention first appeared in Wagner's first petition for rehearing in Ohio (R., 137-8) and was rejected by the Court of Appeals, Sixth Circuit, in denying rehearing (R., 139). It was repeated in a second petition for rehearing (R., 174) and again rejected by said Court in its order of May 15, 1918,† again denying rehearing. The contention was even brought into this Court in the Wagner mandamus proceeding, hereinbefore mentioned, being thus stated in the mandamus petition—

"In view of * * * invalidity [so adjudged by the C. C. A. 6th] of Meccano's Hornby patent [on the plates] * * * the decision of this Court in *Singer Mfg. Co. vs. June*, *supra*, was conclusive, a position the Court of Appeals for the Second Circuit

*A copy of the patent follows page 14 of the record.

†Certified copy with papers.

substantially took in its decision on said appeal." (Petition, p. 13.)

Firstly, Wagner-Wanamaker appear to be laboring under a wholly erroneous impression as to what the decision was in the *Singer vs. June* case, overlooking the fact that this Court *reversed* the lower court and *granted* injunction and an accounting against June, saying that the defendant's use of the subject-matter of the Singer Co.'s patent which had expired by term-limitation could only be in such a manner "as not to deprive others of their rights or to deceive the public." Quoting from Pouillet, *Brevets d'Invention*, the decision (by Mr. Justice White) says (italics ours):

"The expiration of a patent has for its natural effect to permit everyone to make and sell the object patented; and it has also for effect to authorize everyone to sell it by the designation given it by the inventor, but *upon the condition in every case not, in so doing, to carry on unfair competition in business against him*" (163 U. S., 197; 41 Law Ed., 129).

Secondly, the contention is predicated upon the false premise that respondent's use of the "*plates*" (the *only* features of patentable novelty which the Hornby patent describes) and their illustrations of said *plates* in their books of instruction, constitute the sum and substance of the unfair competition and copyright-infringement of which Wagner *et al.* have been adjudged guilty in the Ohio suit. But, as shown by the decision of the Ohio District Court (R., 64), and affirmed by the Court of Appeals, Sixth Circuit (R., 131) the unfair competition comprehends far more than the mere "*plates*," *e. g.*, duplication of the many separate parts grouped together in the Meccano product; duplication of Meccano individual outfits and series of outfits; adoption and use of the Meccano standard of distance between holes in the various parts, whereby American Model Builder parts are interchangeable with Meccano parts; copying and simulation

of Meccano books of instruction, both in contents and in appearance; proven instances of deception and confusion and palming off; and use of the business-system of Meccano Limited, and invasion of its property-rights therein—in a wholesale way appropriating the business and good-will established by Meccano Limited. Similarly, petitioner's copyright-infringement comprehends copying and counterfeiting the copyrighted books of Meccano Limited.

Many other facts and considerations refute the contention based upon the invalid Hornby patent and the Singer case; for example:

(a) The charge of unfair competition is the main cause of action, and, as just shown, comprehends acts far beyond the mere use of the *plates* and the use of illustrations of said *plates*. The charges of copyright-infringement and patent-infringement were subsidiary, in that order. In the mandamus proceeding in this Court, Wagner misstated the charge of infringement of "the patent to Hornby No. 1,079,245, November 18, 1913, for toys" (the title in the patent is "perforated *plates*") as the first and *main* cause of action; secondly, the "alleged unfair competition for manufacturing and selling said toys"; and lastly, copyright-infringement "by publishing and selling certain trade catalogues or manuals illustrating said toys."

(b) The Meccano product without said "*plates*"—which were added (in 1911) to the approximately fifty metal and other parts theretofore comprised by the product—had been marketed long prior to the advent of the *plates*. Therefore, upon no theory could the invalidating of the patent on said *plates* afford immunity to petitioner's unfair competition and copyright infringement with respect to things *other than* the *plates*.

(c) The "*plates*" had been included in the Meccano marketed product *for over two years* (beginning about July,

1911) before the Hornby patent on the plates was granted on November 18, 1913.

(d) Wagner counterfeited the Meccano product *in its entirety*, including the plates, and had been marketing his counterfeit *for over a year* before the Hornby patent came into existence. Upon the Wagner-Wanamaker theory that in a situation such as presented, immunity to the charge of unfair competition and copyright-infringement begins at the date of *expiration* of a patent, and that invalidation of the Hornby patent by the Court of Appeals, Sixth Circuit, decision of November 16, 1917, was equivalent to its expiration by term-limitation, then Wagner-Wanamaker were *guilty* up to November 16, 1917, but are *guiltless and immune thereafter*. The mere statement of that proposition shows its untenability. The fact is, defendants in both suits deliberately committed their unlawful acts without regard to the patent, and the invalidation of the latter affords immunity only to the charge of patent-infringement. Unfair competition and patent-infringement are based upon separate and distinct causes of action, as shown by the Singer decision of this Court. "Patent infringement is the violation of the exclusive monopoly created by statute, while no element of monopoly is involved in unfair competition" (*Unit Const. Co. vs. Huskey*, 241 F. R., 129).

(e) Prior to the existence of the Hornby patent, Meccano Limited had instituted suit in New York (R., 103) against Wagner *et al.* (excepting the later-formed Wagner corporation) on the same charges of unfair competition and copyright-infringement; and, subjoined in the subsequently instituted Wagner Ohio suit, the charge of patent-infringement as an incidental appendage, supplemental to main charges originally made.

Contrary to the hereinbefore quoted statement of the Wagner mandamus petition, we do not find that the Court of Ap-

peals for the Second Circuit "substantially took" the position contended for by Wagner-Wanamaker with respect to invalidation of the patent and *Singer vs. June*. Said Court (C. C. A. Second) stated a "question," but *without deciding it*, saying (R., 150): "It is a *question* whether it [Meccano Limited] is entitled within the decision of the Supreme Court in *Singer vs. June* * * * to more protection than that out-fits made by others should be advertised and sold as the products of the makers under names and in packages which do not simulate the complainant's." Nowhere else in its decisions does that Court refer to *Singer vs. June*; and all that it has thus far *decided* is that (1) the proofs by the affidavits are not sufficiently clear to entitle Meccano Limited to a preliminary injunction; and (2) Meccano Limited is not entitled to a decree upon the basis of estoppel by the Ohio judgment. What said Court of Appeals *would* decide at final hearing, after trial and full proofs, cannot be assumed.

The courts of the Sixth Circuit, on the other hand, have repeatedly considered the aforesaid contention, with the advantage of trial and full proofs, and have found no reason to alter the views expressed by the Court of Appeals of the Sixth Circuit in denying Wagner's first petition for rehearing in said Wagner Ohio suit, to wit:

"On Rehearing for Certain Instructions.

"Appellants' 'rehearing petition' for 'instructions regarding the extent of the reversal of the lower Court' is denied; no instructions are necessary, since the opinion approves the conclusions reached below upon the issues shown, except the one in relation to the patent in suit, and the patent in suit describes the two perforated plates as its only features of patentable novelty. Hence no perceivable difficulty can arise from the adjudged invalidity of the patent; in principle the situation here does not differ from the one involved in *Samson Cordage Works vs. Puritan Cordage Mills*, 211 Fed., 603, 605, 608, *et seq.*; 128 C. C. A. 203; L. R. A., 1915F, 1107 (C. C. A. 6),

where the trade-mark claimed was held invalid while the charge of unfair competition was sustained. See, also, *Saalfeld Pub. Co. vs. G. & C. Merriam Co.*, 238 Fed., 1, 10, 151, C. C. A. 77 (C. C. A. 6)." (246 Fed., 610) (R., 139).

In said case of *Samson Cordage Works vs. Puritan Cordage Mills*, *supra*, a registered trade-mark "alleged to consist in a series of spots arranged spirally about the circumference of the cord, each shaped in the form of a lozenge," was held to be invalid as not susceptible of monopoly as a trade-mark. The Court then proceeded to find that defendant's use of similar marking constituted unfair competition, remarking in part:

"The existence of a valid trade-mark is not essential to a right of action for unfair competition * * *. An important respect in which the action for infringement of trade-mark differs from that for unfair competition is that in the former the wrongful intent is presumed from the fact of infringement, while in the latter the recovery can be had only on proof of wrongful intent in fact, although an inference of such intent may be justified 'from the inevitable consequences of the act complained of.' *Elgin Watch Co. Case*, *supra*, 179 U. S., at page 674; 21 Sup. Ct., at page 270; 45 L. Ed., 365. * * * There is no inconsistency between the two actions" (p. 608).

In the above-cited *Saalfeld Merriam Case*, in which reference is made to the *Singer* case (238 Fed. Rep., bottom p. 10), the decision of the Court of Appeals is to the effect that expiration of a registered copyright does not exclude the application of the equitable principles of "unfair competition" against another's *unfair* use of the subject-matter of the expired copyright, or afford immunity to acts constituting unfair competition.

In the case of *President Suspender Co. vs. MacWilliam* (238 Fed. Rep., 159), the Court of Appeals for the Second Circuit held that where the use of a trade-mark on a patented

article had antedated the patent, the right to use such trade-mark does not pass to the public on the expiration of the patent.

Likewise the rights of Meccano Limited, against unfair competition and copyright-infringement, cannot be terminated by the adjudged invalidity of the Meccano Hornby patent on the plates.

The independence of causes of action, based on the one hand on a charge of unfair competition, and on the other hand on a charge of trade-mark infringement (or copyright-infringement, or patent-infringement), has been recognized and applied in numerous authoritative cases which it is unnecessary to cite at length. We mention for example *Grier Bros. Co. vs. Baldwin et al.* (219 Fed. Rep., 735), in which the Court of Appeals for the Third Circuit, while holding a patent invalid as to its claim in suit, and reversing the Court below on the charge of a patent-infringement, *at the same time affirmed the decision below in sustaining a charge of "unfair competition"* for unlawful imitation of the miner's lamp *to which the patent applied.*

In its recent decision in *International News Service vs. The Associated Press* (Dec. 23, 1918, 39 S. C. R., 68), this Court said (emphasis ours) :

"No doubt news articles often possess a literary quality, and are the subject of literary property at the common law; nor do we question that *such an article*, as a literary production, *is the subject of copyright by the terms of the act as it now stands*" (p. 70). "*The parties are competitors in this field; and, on fundamental principles, applicable here as elsewhere, when the rights or privileges of the one are liable to conflict with those of the other, each party is under a duty so to conduct its own business as not unnecessarily or unfairly to injure that of the other.*"

"We need spend no time, however, upon the general question of property in news matter at common law, or the application of the copyright act, since it seems to us *the case must turn upon the question of*

unfair competition in business. And, in our opinion, this does not depend upon any general right of property * * * *nor is it foreclosed by showing that the benefits of the copyright act have been waived.*"

"Obviously, the question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business. The question here is not so much the rights of either party as against the public, but their rights as between themselves. See *Morison vs. Moat*, 9 Hare, 241, 258. And although we may and do assume that neither party has any remaining property interest as against the public in uncopyrighted news matter after the moment of its first publication, it by no means follows that there is no remaining property interest in it as between themselves" (p. 71).

"*Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news.* The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business" (pp. 72, 73).

"*It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition.* *Howe Scale Co. vs. Wyckoff, Seamans, &c.*, 198 U. S., 118, 140. *But we cannot concede that the right to equitable relief is confined to that class of cases. In the present case the fraud upon complainant's rights is more direct and obvious*" (p. 73).

In said *News Service* case, this Court not only again gives its affirmance to the proposition that unfair competition may

exist in a competitor's use of property and of property-rights, belonging to another, regardless of whether or not the same are protected by a copyright (or patent), but also affirms the still broader principle that *regardless of any question of palming off*, competitors in the same field must each "so conduct its own business as not unnecessarily or unfairly to injure that of the other." This last stated principle is also directly applicable to the conduct of Wagner-Wanamaker, particularly to that phase of their unfair acts referred to in the decision of the Ohio District Court (234 Fed., 920, affirmed by C. C. A. Sixth, 246 Fed., 603), as follows:

"Unfair competition exists also in that the complainant has established a business system which is peculiarly its own. This was done at the expense of time, thought, labor, and much money. If it be assumed that this Court is in error with respect to the finding of palming off of defendants' goods for the complainant's, establishing thereby unfair competition, yet the defendant uses complainant's business and the system it has established. In these it has acquired a property right of which its competitor cannot deprive it by introducing his goods into, and as a part of, complainant's business and business system. In this respect, the case strongly resembles *Prest-O-Lite Co. vs. Davis* (D. C.), 209 Fed., 917, affirmed by the Circuit Court of Appeals of this circuit, 215 Fed., 349; 131 C. C. A., 491.

"If it be assumed that defendant could establish a business system of his own and enter into competition with the complainant's similar system, it seems to me quite clear that the defendant's system could not be so used as to appropriate the business and good will established by the complainant. It cannot be that the defendant can build up his own business by taking away complainant's business through the very method established by complainant for carrying it on. The American Model Builder is not only a fraud on the public, but also a fraud on the complainant" (R., 69-70).

The American Mechanical Toy Company, an Ohio Corporation.

"Francis A. Wagner (trading as The American Mechanical Toy Company)" was the business name under which the Ohio defendant originated and built up his unlawful toy business, and is the name under which he was sued in Ohio. That Ohio suit was tried in May-June, 1915, and decided by the District Court June 12, 1916. It is now alleged that between these dates, to wit, about January, 1916, Wagner incorporated The American Mechanical Toy Company, and turned the business over to that corporation. A brief in this case in the Court of Appeals for the first time suggested the existence of such a corporation, the effort being to break the chain of privity or parties in the two suits and thereby defeat the estoppel by the Ohio decree. Although the contention is manifestly untenable, it may be of assistance to this Court to briefly anticipate a repetition thereof here.

Respondent's brief aforesaid (of February, 1918), contends that respondent Wanamaker's answers under oath to interrogatories herein (R., 120-1)—which answers use the name "The American Mechanical Toy Company" with no suggestions of a corporate existence—do not establish identity or privity of the parties defendant in the two suits "because the Ohio corporation, The American Mechanical Toy Company, referred to in the answers to the interrogatories, was not a party to the Ohio suit. That corporation did not come into existence until January, 1916, while the Ohio suit was instituted December 24, 1913."

That the counsel (Toulmin & Toulmin) who signed that brief, later realized the futility of such contention is shown by their approval—in the second petition for rehearing in the Ohio suit (R., 174) signed by them, and certified by "H. A. Toulmin" and dated May 1, 1918 (R., 176)—of statements quoted from one of petitioner's briefs that "By

the pleadings herein and defendant's sworn admissions, *it is established that the parties in interest are the same (or in privity)*" in the two suits (R., 175).

The Court of Appeals, finding no merit in the contention, regarded the answers to the interrogatories as applying to Wagner, the Ohio defendant, regardless of incorporation of his business, that court saying (emphasis ours) :

"meanwhile plaintiff had in the District Court required the defendant [Wanamaker] to answer certain interrogatories by which it appeared that the defendant procured from one *Wagner*, the toys which it sold * * * the interrogatories further showed that *Wagner* had agreed to hold the defendant harmless," etc.

There is nothing in the record before this Court showing or even suggesting the existence of the corporation, or that "The American Mechanical Toy Company," referred to in the answers to the interrogatories, is any other than "Francis A. Wagner (trading as The American Mechanical Toy Company)," the defendant in the Ohio suit, so named throughout the bills and papers in both suits.

On the record in the Ohio suit the corporation does exist, and by the Order on Mandates, entered on February 11, 1918 (certified copy filed with the papers), the District Court in Ohio directed the entry, *nunc pro tunc* as of the date of its verification, of petitioner's supplemental bill impleading Wagner's said Ohio corporation; and put said Ohio corporation *under injunction* (see footnote excerpt* from order).

*10. And that complainant's motion to implead The American Mechanical Toy Company, an Ohio corporation (presented pursuant to the Order entered Dec. 15, 1917, by the Court of Appeals), be and the same hereby is granted; that the sworn copy of complainant's Bill in the Nature of a Supplemental Bill (verified April 3, 1917, and now on file in said Court of Appeals), be and the same hereby is ordered filed and entered *nunc pro tunc* as to the date of its verification; that a *subpoena ad respondendum* be issued, directed to said corporation and requiring it to answer said Bill within twenty days

and directed it to file its answer within twenty days, said corporation being merely Wagner's *alter ego*.

By its recent answers to interrogatories,* sworn to by "Francis A. Wagner its President," The American Mechanical Toy Company, a corporation, admits in the Ohio suit all that is required to conclusively establish its identity or privity with the business previously conducted by "Francis A. Wagner (trading as The American Mechanical Toy Company)." For instance, the answers admit that of 1280 shares of stock originally issued, 1087 were issued to Francis A. Wagner; that (after a reduction of stock) of 738 shares outstanding on June 18, 1919, said Wagner is the owner of 652 shares; that the \$50,000 bond given by Wagner in the Ohio suit on July 12, 1916, to supersede an injunction, was for the purpose of enabling the corporation—which had previously taken over and was conducting the business—to continue the business; and that the corporation took over and sold "American Model Builder" product already manufactured by Wagner, and thereafter continued to manufacture and sell similar product.

From the standpoint of this litigation, and so far as concerns any question herein of privity of defendants in the two suits, no distinction can be made between "Francis A. Wagner (trading as The American Mechanical Toy Co.)" and "The American Mechanical Toy Company," an Ohio corporation. *This has been repeatedly recognized by the de-*

(Continued from preceding page.)

from the date of service; that service of said *subpoena* may be made upon any one of the original defendants' counsel of record herein; and that, in the meantime, said The American Mechanical Toy Company, and its officers, agents, and employees, be and they hereby are enjoined *pendente lite* in the same manner and to the same extent as herein directed with respect to the original defendants; and that all other determination with respect to said corporation await the expiration of said twenty-day period."

*The answers of the corporation to the interrogatories are in three papers entitled respectively, "Answers to Plaintiff's Interrogatories," "Supplemental Answers to Plaintiff's Interrogatories," and "Supplemental Answer to Interrogatory No. 17." Certified copies thereof are filed with the papers in this cause.

fense herein. For example, in the Wagner affidavit (of December 22, 1916) in opposition to the preliminary injunction motion, he says:

"As to Mr. Wanamaker's purchase of the toy outfits of *our* manufacture, and the sale of which I understand plaintiff seeks to enjoin in this action, I beg to inform the Court that such outfits were purchased by Mr. Wanamaker, through his purchasing agents, from *us* since July, 1916" (R., 93).

"I further informed the Court that the *defendants in the Ohio suit* sold the toy outfits to Mr. Wanamaker by virtue of said supersedeas bond * * * this present action * * * is hurtful to *us* as manufacturers, is destructive of *our* rights * * * is also an attempt to injure *us*" (R., 94). (Emphasis ours.)

Wagner thus says that the toys bought by Wanamaker "since July, 1916," at which time the corporation had been conducting the business for some months (since January, 1916), were sold to Wanamaker by "the *defendants in the Ohio suit*," thus himself recognizing no distinction between the Ohio defendant Wagner (trading as the American Mechanical Toy Co.), and the corporation of the same name.

In the motion made in the Ohio suit by Wagner *et al.*, defendants therein, to enjoin prosecution of this suit, it is asserted by counsel, Toulmin & Toulmin, that the aforesaid \$50,000 bond allowed in that case on July 12, 1916 (which was after the corporation took over the business in January, 1916), and "under which an injunction was superseded," was so allowed and approved

"so that *appellants* could continue *their* business [then incorporated] and could manufacture and sell the toys involved in this issue pending the decision of this [Ohio] cause by the United States Circuit Court of Appeals for the Sixth Circuit * * * that notwithstanding said supersedeas bond, the plaintiff * * * has lately instituted a suit

* * * against John Wanamaker, a customer of the *appellant manufacturer, who purchased toy outfits from said manufacturer since said supersedeas bond was given*, and which toy outfits are the same in kind as those involved in this action" (R., 113). (Emphasis ours.)

Wagner's affidavit in support of said motion contains the following:

"After July, 1916, when said supersedeas bond was approved and filed, as defendant manufacturer *we* [the corporation had then taken over the business] continued to sell *our* toys to our established customers. Among the customers to whom we sold these toys was John Wanamaker of New York.

We [the corporation had then taken over the business] sold him his toy requirements for this present [1916] holiday season under and *by virtue of said supersedeas bond*. * * *

Said suit [this suit] against John Wanamaker * * * is an attempt to * * * enjoin him for selling and dealing in the very identical toy outfits to make and sell which *we* [meaning both himself and the corporation] received authority under and by virtue of said supersedeas bond" (R., 114). (Emphasis ours.)

Again, in these statements of counsel and Wagner himself, no distinction is made between the business of Wagner and that of the corporation.

Now, if the facts were that the nominal defendant Wanamaker herein had an agreement directly with the Ohio defendant Wagner himself (instead of with Wagner's corporation as alleged), and that Wagner himself had entered into and is personally carrying out his individual agreement to hold Wanamaker harmless, and that Wanamaker has surrendered the entire defense to the individual Ohio defendant Wagner (instead of to Wagner's corporation), then *privity* would not be disputed; and every estoppel against *Wagner*

in Ohio would apply against *Wagner* here. The privity and estoppel exist in spite of the alleged interposition of *Wagner's corporation*. The "chain of privity" is not broken by *Wagner's* having incorporated his business. See, among other decisions :

Linn & Lane vs. U. S., 236 U. S., 574; 59 Law Ed., 725.

Simmons vs. Doran, 142 U. S., 417; 35 Law Ed., 1063.

Brill vs. Washington Railway Co., 30 S. C. R., 177; 215 U. S., 527; 54 Law Ed., 311.

Postal Telegraph Cable Co. vs. City of Newport, Ky., 38 S. C. R., 566; 62 Law Ed., —.

G. & C. Merriam Co. vs. Saalfeld, 190 F. R., 927; 6th C. C. A.

In the last cited case, a judgment in favor of plaintiff in a prior suit between the same plaintiff and one Ogilvie, on the same cause of action, unfair competition, was pleaded as a bar, the defendant *Saalfeld* having "taken over" the business while said first suit was still pending. *Saalfeld* was held bound by the judgment in the first case, the court remarking:

"If a third party may thus come into the acquisition of rights involved in pending litigation without being bound by the final judgment, and require a suit *de novo* in order to bind him, he might, pending that suit, alienate that right to another with the same result, and a final decree bearing fruit could never be reached" (932).

Hunter vs. Baker Motor Vehicle Co. (225 F. R., 1006, D. C. N. D. N. Y., Ray, J.), states:

"The legal fiction of distinct corporate entity is disregarded, when necessary to do so in order to circumvent fraud, and also when a corporation is so organized and controlled and its affairs are so conducted as merely to make it an instrumentality or adjunct of another corporation. And it matters not how deftly

the transaction is concealed by a succession of adjuncts and instrumentalities with corporate names all under one control" (pp. 1015-1016).

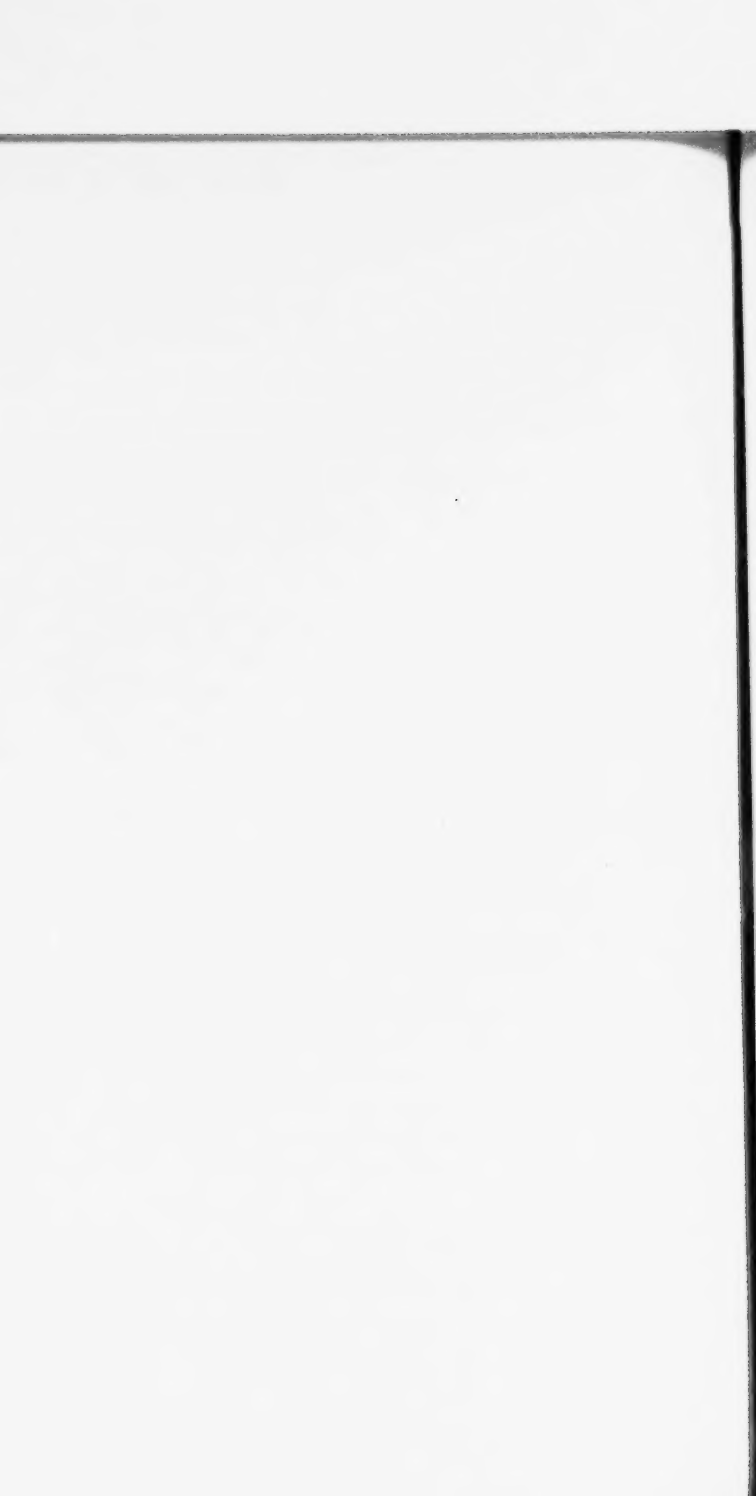
In *Dudlo Co. vs. Varley Co.*, 253 Fed., 745, the C. C. A. 7th, says:

"The evidence abundantly justifies the conclusion that the corporation was primarily formed for the purpose of evading the obligations imposed by the contract; the corporation took over the business as it was; under these circumstances, any estoppel arising from the contract as against the co-partnership, should be deemed equally effective as against the corporation.

"And inasmuch as defendant made no change whatsoever in the method of manufacture in so far as the core is concerned, it is estoppel to deny infringement in this respect" (p. 747).

Hart Co. vs. Ry. Co., *supra*, 37 S. C. R., 506; 244 U. S., 294:

"Identity of interest could not be clearer or closer than it was between the defendants in the two cases,—they represented precisely the same, single interest, and the Hart Company and Wood, as agents of the Elyria Company, were obviously and necessarily privies to the judgment rendered in its favor" (p. 507).



Appendix A.

Supreme Court of the United States.

No. 29, Original.—October Term, 1918.

Ex Parte in the Matter of F. A. WAGNER (Trading as The American Mechanical Toy Company), The Strobel & Wilken Company, a Corporation, and The American Mechanical Toy Company, a Corporation, Petitioners.

[April 14, 1919.]

Mr. Justice CLARKE delivered the opinion of the Court:

The petitioners pray that a writ of mandamus shall issue out of this Court, requiring the Circuit Court of Appeals for the Sixth Circuit and the judges thereof and the United States District Court for the Southern District of Ohio, Western Division, and the judge thereof, to stay further proceedings in a suit pending in the District Court, and the execution of a judgment against petitioners rendered therein by that Court and affirmed by the Circuit Court of Appeals. The answers of the courts and judges to the usual rule to show cause are before us.

The facts upon which the prayer for this extraordinary remedy is based are as follows: The Meccano, Limited, a corporation, brought a suit, which we shall designate as the Ohio case, in the District Court for the Southern District of Ohio against F. A. Wagner, trading as The American Mechanical Toy Company, and The Strobel & Wilken Company, a corporation, charging: (1) the infringement of Letters Patent, which the plaintiff claimed to own, covering certain parts of a model-builder or mechanical toy, known by the trade-name of "Meccano"; (2) the infringement of two copy-

rights which the plaintiff claimed to own upon the manual or book of instructions, which was sold with the toy and which was essential to the use of it, and (3) unfair competition. An accounting and permanent injunction were prayed for. The defendants denied the allegations of the bill and asserted a counter claim.

Upon the trial on the merits the District Court found for the plaintiff on all of the issues, dismissed the counter-claim of defendants and granting an injunction ordered an accounting.

On appeal the Circuit Court of Appeals for the Sixth Circuit affirmed the decree of the District Court except as to the infringement of the patent, which was held to be invalid for want of invention, and remanded the case for a decree not inconsistent with its opinion.

Pursuant to this affirmance the District Court entered a decree, and appointed a master to take an account of gains, profits and damages and to report his conclusions to that Court.

Thus was the Ohio case ripe for an accounting, which had been ordered, when the petition which we are considering was filed.

After the decision by the District Court in the Ohio case, but before it was affirmed by the Circuit Court of Appeals, the Meccano, Limited, instituted a suit, which we shall designate as the New York case, in the United States District Court for the Southern District of New York against John Wanamaker, a corporation, charging that the defendant, a customer of the defendants in the Ohio case and a retail dealer engaged in selling the toy manufactured by Wagner, was guilty of the same violations of complainant's rights as were alleged in the Ohio case. Upon "affidavits and exhibits" a motion for an injunction *pendente lite* was filed which, upon hearing, was granted. From this order allowing a temporary injunction an appeal was taken to the Circuit Court of Appeals for the Second Circuit, and after the

appeal was argued, but before it was decided, the decree of the District Court in the Ohio case was affirmed by the Circuit Court of Appeals for the Sixth Circuit. Thereupon the Meccano Company filed a "Motion for a Decision on the Merits" in the New York case, then pending on appeal in the Circuit Court of Appeals for the Second Circuit, and in support of this motion were filed copies of the opinion of the Circuit Court of Appeals for the Sixth Circuit and of the decree entered by the District Court pursuant thereto.

This motion for a judgment on the merits was bottomed on the claim that the two cases involved the same issues, that Wagner had assumed the defense in the New York case and that the decree rendered by the Circuit Court of Appeals for the Sixth Circuit constituted an estoppel by judgment when pleaded in the case in the Second Circuit,—but the motion was denied.

Later on, the appeal from the order granting a preliminary injunction, which was argued before the motion for judgment on the merits was filed, was decided, and the District Court was reversed, the Circuit Court of Appeals for the Second Circuit holding with the Circuit Court of Appeals for the Sixth Circuit that the patent declared on was invalid for want of invention, but the Court also held that a very clear case was necessary, to justify a preliminary injunction for a claimed infringement of copyright or for unfair competition, the only remaining claims in the bill, and that the affidavits and exhibits before the District Court were not sufficient to warrant its conclusion. For these reasons the order of the District Court allowing a temporary injunction was reversed.

Following this decision by the Circuit Court of Appeals for the Second Circuit, the Meccano, Limited, filed a petition in this Court for a writ of certiorari, giving as the reasons relied upon to secure the writ that there was a conflict of opinion between the Courts of Appeals of the Second and Sixth Circuits upon the questions involved in the case, and that the

cause should be brought before this Court for review to determine:

(1) The legal effect to be given to a prior decree in the Sixth Circuit against the manufacturer, as against a customer in the Second Circuit;

(2) Whether the preliminary injunction could be legally denied by the Circuit Court of Appeals for the Second Circuit after the prior adjudication of the same issues by the Circuit Court of Appeals for the Sixth Circuit;

(3) Whether or not the prior decree of the Circuit Court of Appeals for the Sixth Circuit entitled the petitioner to a decision in its favor on the "motion for a decision on the merits" filed in the later case in the Second Circuit;

(4) Whether or not an unsuccessful defendant in a suit in one circuit, in which his product had been adjudged unlawful, is to be permitted to relitigate the same issues with respect to the same product by assuming the defense of a subsequent suit in another circuit against one of his customers.

Upon this petition a writ of certiorari was allowed and the case was brought to this Court for review.

Promptly upon the granting of the writ of certiorari by this Court the petitioners herein moved the Circuit Court of Appeals for the Sixth Circuit to stay the accounting proceeding in the Ohio case pending a decision by this Court in the New York case.

The Circuit Court of Appeals for the Sixth Circuit denied this motion and, in the answer of that Court and of the judges thereof to the rule of this Court to show cause, they give as their reason for so deciding, that the Court was of the opinion that, as the case had theretofore been remanded to the District Court, it had no jurisdiction to order such a stay or to make an order directing the District Judge to do so,—certainly not until a like application had been made to that

Court and had been refused. In its journal entry the Court sufficiently advised the unsuccessful parties of the reason for its action. It reads as follows:

"That the motion * * * to stay all proceedings herein * * * presents a question which at this stage of the case, No. 2977, must be determined by the Court below."

And the Court and judges add that no application had been made in any way to review the action taken by the District Judge on the motion to stay.

Obviously it is a conclusive answer to the prayer of the petitioners for a writ of mandamus to the Circuit Court of Appeals and to the judges thereof directing the entry of a stay of proceedings, that the case was not, when the stay was refused, and is not now, pending in that Court.

After this overruling of their motion for a stay by the Circuit Court of Appeals for the Sixth Circuit, the petitioners herein made a similar application to the District Court for the Southern District of Ohio for a stay of proceedings until the New York case should be decided by this Court, which motion was also denied.

The District Court and the judge thereof in the return to the rule issued herein, give as reasons for such denial:

(1) That the defendants had permitted the time to expire in which to apply to this Court for a review of the decree of the Circuit Court of Appeals for the Sixth Circuit on certiorari without making any application for such review, and therefore the Court concluded that the rights of the parties as to unfair competition and copyright infringement, which remained after the holding that the patent was invalid, had become settled;

(2) That the case before the Circuit Court of Appeals for the Second Circuit was an appeal from an order granting a preliminary injunction and that to the Court, not having the

record in that suit before it, the New York case seemed to involve only the question as to the effect of the decree of the Circuit Court of Appeals for the Sixth Circuit upon the case in the Second Circuit and could not, therefore, be determinative of the rights of the parties in the Ohio case:

(3) That there did not seem to the court to be any conflict between the decisions by the Sixth and Second Circuit Courts of Appeals because the facts of the two cases, as the court was advised, were so different that the decisions could not be the same upon their merits:

(4) That from the statement of counsel for Wagner that a fire had occurred on the floor of the building in which the Wagner outfits, manuals, etc., and books had been stored, resulting in great injury to them, the court concluded it to be the part of prudence that the Marshal should take possession of such property and books as soon as possible, and that there seemed to it no good reason for further delay in the accounting.

This answer of the District Court and Judge is also clearly sufficient and conclusive. It shows that the Court was called upon to judicially determine the scope of the decision of the Circuit Court of Appeals for the Second Circuit, reversing the action of the District Court granting a temporary injunction, and whether or not that decision was in conflict with the decision by the Circuit Court of Appeals for the Sixth Circuit; to forecast, as best it might, what the scope and effect of the decision of this Court in the New York case would be upon the rights of the parties as determined in the Ohio case, and, having regard to the rights of the plaintiff and the conduct of the defendants, whether, after four years of obviously very strenuous litigation, the accounting should be further delayed by the prospect that the decision of this Court might render the results of it valueless.

Mandamus is an extraordinary remedy, to be resorted to for the purpose of securing judicial action, not for determin-

ing in advance what that action shall be. *In re Rice*, 155 U. S., 396. It may not be resorted to, as the petitioners seek to resort to it here, for the purpose of controlling minor orders made in the conduct of judicial proceedings, and the fact that the result of litigation may possibly be such that interlocutory proceedings taken may not prove of value is not a sufficient reason for calling the writ into use for the purpose of forbidding such proceedings, even though the cost of them can not be recovered from the opposing party or even though the order cannot be reversed on error or appeal. *Ex parte Newman*, 14 Wall. 152, 165, 168. This from *American Construction Company vs. Jacksonville, Tampa and Key West Railway Company*, 148 U. S., 372, 379, is sharply pertinent to the application before us:

"Least of all can a writ of mandamus be granted to review a ruling or interlocutory order made in the progress of a cause; for, as observed by Chief Justice Marshall, to do this 'would be a plain evasion of the provision of the act of Congress that final judgments only should be brought before this Court for reexamination;' would 'introduce the supervising power of this Court into a cause while depending in an inferior court, and prematurely to decide it;' would allow an appeal or writ of error upon the same question to be repeated, to the great oppression of the parties;' and 'would subvert our whole system of jurisprudence.' "

The petitioners have misconceived the scope and applicability of the remedy of Mandamus and the rule is

Discharged and the petition dismissed.

Appendix B.

United States District Court, Southern District of New York.

In Equity. No. 15/38.

MECCANO, LIMITED, *Plaintiff.*

against

JOHN WANAMAKER, NEW YORK, *Defendant.*

Plaintiff's Approval of Transfer of Liability from John Wanamaker, New York, to Structo Manufacturing Company.

Whereas, with the consent and approval of the above-named defendant, John Wanamaker, New York, there has been executed and is to be filed herein a stipulation and order substituting the Structo Manufacturing Co., an Illinois corporation, as defendant, in the place and stead of said Wanamaker,—said Structo Manufacturing Co. being the maker of the toy known as "Structo," the exploitation and sale of which by said Wanamaker is alleged in this suit to constitute unfair competition in violation of the rights of plaintiff; and

Whereas said Structo Manufacturing Co. has assumed complete charge and control of the defense of this suit, and, for due consideration, has also assumed (as confirmed by the approval and consent of said Structo Manufacturing Co. hereto subscribed through its counsel) all of the liability and responsibility of said Wanamaker arising from the latter's dealings aforesaid in said "Structo" product.

Now, therefore, the above-named plaintiff, Meccano, Limited, hereby approves and accepts the aforesaid transfer of

liability and responsibility from said John Wanamaker, New York, to said Structo Manufacturing Co., and agrees that said Wanamaker is thereby relieved of any and all liability and responsibility for any dealings in said "Structo" product procured directly or indirectly from said Structo Manufacturing Co., and said Meccano, Limited, further agrees that, in case a decree in favor of plaintiff be entered herein, it will not circularize the trade or put out any publication or advertisement referring in any way to said Wanamaker's connection with or handling of said "Structo" product.

MECCANO, LIMITED.

By J. P. PORTEUS,

Attorney in Fact.

RALPH L. SCOTT,

Solicitor of Record.

Approved:

STRUCTO MANUFACTURING COMPANY,
By CLIFFORD E. DUNN,

Of Counsel.

Appendix C.

United States District Court, Southern District of New York,

In Equity. No. 15/38.

MECCANO, LIMITED, *Plaintiff*,

against

JOHN WANAMAKER, NEW YORK, *Defendant*.

Stipulation re Party Defendant.

The above-named plaintiff, Meccano, Limited, having been advised by a notice entitled herein and filed on or about May 28, 1919, in the United States Circuit Court of Appeals for the Second Circuit, that the Structo Manufacturing Company, a corporation organized under the laws of the State of Illinois, and having its principal place of business in the City of Freeport, Illinois, is the manufacturer of the toy known as "Structo" alleged in this suit to constitute an infringement of plaintiff's rights, and is and has been since the filing of this suit the actual defendant herein, and has assumed, with the consent of the nominal defendant, John Wanamaker, New York, complete charge and control of the defense of this suit, and has been and is paying the entire cost of said defense:

It is hereby stipulated and agreed, by and between the parties hereto through their respective solicitors, and with the consent and approval of said Structo Manufacturing Company, that said Structo Manufacturing Company be and it hereby is substituted as the party defendant in this suit in the place and stead of said John Wanamaker, New York and that this cause be hereafter entitled Meccano Limited vs.

Structo Mfg. Co. (substituted for John Wanamaker, New York, as party defendant); and

It is further stipulated that all of the pleadings and proceedings herein prior to this stipulation are to be binding and effective against said Structo Manufacturing Company in the same manner and to the same extent as the same would have been binding and effective against the original defendant Wanamaker had this substitution not taken place.

Dated, New York City, N. Y., June 23, 1919.

RALPH L. SCOTT,

Solicitor for Plaintiff.

HEDGES, ELY & FRANKEL,

Solicitors of Record for

John Wanamaker, New York.

CLIFFORD E. DUNN,

Counsel for Defendant, John Wanamaker,

New York, and of Counsel for Structo Mfg. Co.

The above referred to Structo Mfg. Co. hereby gives its formal consent and approval to the filing and entry of the foregoing stipulation.

STRUCTO MFG. CO.,

By C. E. THOMPSON,

President.

Ordered accordingly:

MANTON,

United States Judge.

Appendix D.

At a stated term of the District Court of the United States for the Southern District of New York, held in the Court Room thereof, in the Federal Building, in the city of New York, State of New York, this 22d day of July, 1919.

Present: Hon. Martin T. Manton, United States Circuit Judge.

In Equity. No. 15/38.

MECCANO LIMITED, *Plaintiff*,

vs.

THE STRUCTO MANUFACTURING COMPANY (Substituted for John Wanamaker, New York, as Party Defendant), *Defendant*.

Final Decree.

This cause came on to be heard at this term, on the annexed consent; and thereupon, upon consideration thereof, it was ordered, adjudged and decreed as follows, viz:

(1) That at the time of filing of the bill of complaint herein Meccano, Limited, the plaintiff, was and now is an alien, being a subject of the Kingdom of Great Britain and a corporation existing under the laws thereof, and is entitled to maintain this suit; and that the substituted defendant, The Structo Manufacturing Company, was and now is an Illinois corporation with its principal place of business at Freeport, Ill.; and that this Court has jurisdiction over said Structo Co. by virtue of a stipulation and order heretofore filed herein by which said Structo Co. is made defendant herein; and that the subject-matter here in controversy, exclusive of in-

terest and costs, exceeds the sum or value of three thousand dollars (\$3,000).

(2) That Meccano, Limited, the plaintiff, was and now is the sole and exclusive owner of a model-builder or toy known by the trade-name "Meccano," and has the sole and exclusive property right in and to the business system involved in the sale and distribution of said model-builder and the outfits and separate units or parts thereof, all as alleged in the bill.

(3) That Structo Manufacturing Company, the defendant, well knowing the premises, by its manufacture, exploitation and sale of a toy product known to the trade as "Structo" (including manuals or books or instructions) has been guilty of unfair competition with plaintiff; and that plaintiff is entitled to a writ of injunction perpetually enjoining and restraining said Structo Manufacturing Company, and its associates, attorneys, successors, assigns, servants, clerks, agents and workmen, and each and every of them, from directly or indirectly competing unfairly with Meccano Limited by making or causing to be made, selling, offering for sale, or causing to be sold, or using or causing to be used, any model-builder or toy outfit such as "Structo," or any individual parts or units such as contained in said outfits, and any book or manual of instruction such as included with said Structo outfits or otherwise distributed and disseminated,—or by copying or imitating any Meccano trade-circular, advertisement, or other printed matter, or by imitating the boxes and containers of Meccano outfits, or the arrangement of the contents therein, or the show-case of separate parts,—or by otherwise copying, counterfeiting and imitating Meccano products,—or by putting out outfits or units capable of being palmed off in place of Meccano outfits and units,—or by otherwise using and invading the Meccano business system; and from otherwise committing any act or acts whatsoever in violation of plaintiff's exclusive rights in the premises; and

(4) That, in view of an amicable settlement between the parties hereto, the writ of injunction above referred to shall not issue, nor shall any accounting be had as between the parties, nor shall either party recover any costs or expenses as against the other.

MARTIN T. MANTON,

United States Circuit Judge.

The filing and entry of the foregoing decree is hereby consented to.

REEVE LEWIS,

RALPH L. SCOTT,

Counsel for Meccano Ltd.

CLIFFORD E. DUNN,

Counsel for Structo Manufacturing Co.

Supreme Court, U. S.

FILED

JAN 15 1920

JAMES D. MAHER,
CLERK.

Supreme Court of the United States

OCTOBER TERM, 1918

MECCANO, Limited,

vs.

Petitioner,

JOHN WANAMAKER, New York,
Respondent.

No.

18

On Certiorari to
the U. S. Circuit
Court of Appeals
for the Second
Circuit.

BRIEF FOR RESPONDENT

H. A. TOULMIN
H. A. TOULMIN, Jr.
Counsel for Respondent.

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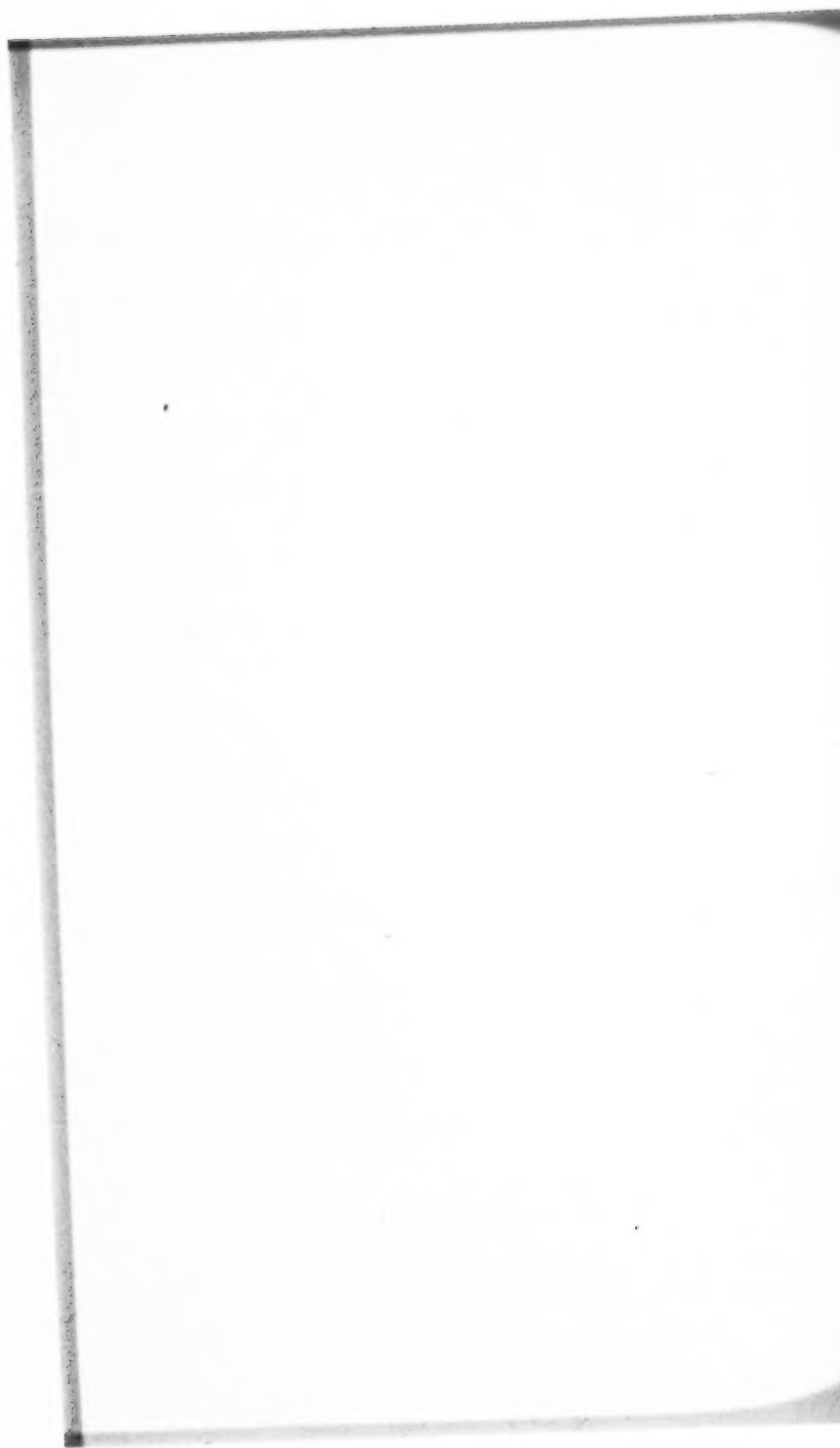
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Supreme Court of the United States

October Term, 1918

MECCANO LIMITED,

Petitioner,

—vs.—

JOHN WANAMAKER, New York,

Respondent.

No. 614

BRIEF FOR RESPONDENT

I.

Introductory Statement.

On October 31, 1918, this Court ordered the Circuit Court of Appeals for the Second Circuit to send up the Record herein for purposes of review by this Court. Such order was made in granting the Petitioner's petition and prayer for the writ of certiorari, in which this Respondent concurred on the ground that there existed a state of conflict of opinion between the Court of Appeals for the Second Circuit and the Court of Appeals for the Sixth Circuit. This conflict arose out of—

a. The action of the Court of Appeals for the Sixth Circuit in sustaining an action for alleged unfair competition based on the manufacture and sale

INTRODUCTORY STATEMENT

of a certain mechanical construction constituting a particular kind of toy, notwithstanding its holding in the same opinion, on the patent branch of the bill, that the letters patent covering such mechanical construction were null and void for want of patentable novelty, thereby making such device public property.

b. In the failure or refusal in such circumstances of the Court of Appeals for the Sixth Circuit to apply and **follow** the decision of this Court in *Singer v. June*, 163 U. S. 169, which would have resulted in the dismissal of the bill on the issue of unfair competition as well as on that of alleged patent infringement.

c. The latest contrary, and undoubtedly correct, action of the Court of Appeals for the Second Circuit in applying and **following** the decision of this Court in *Singer v. June*, 163 U. S. 169, and in holding in deciding this present case that in such circumstances the patent being at an end and the article public property, no cause of action for unfair competition, based on an exclusive proprietary right in such article, could be predicated on the sale thereof, the only requirement being that the later party's goods be distinctively named and labeled to show that they did not emanate from the other maker. Both Courts held the patent to be void—there being no conflict in that, but on the branch of the case involving unfair competition.

This conflict of opinion in the two Circuits further arose out of contrary decisions of these Appellate Courts respecting the same issue of alleged copyright infringement, the Court in the Sixth Circuit simply saying:

d. "We approve the Court's conclusion upon the

BRIEF HISTORY OF THIS LITIGATION

issues joined, except the one in relation to the patent in suit." (Rec. 132.)

e. The contrary decision of the Court in the Second Circuit holding that:

"So in the nature of things the constructing elements and the things constructed being the same, the plates illustrating them and the instructions contained in the manuals furnished with the two outfits must be more or less alike. All that should be required of other makers is to do independent work." (Rec. 150.)

Respondent's position is that the action and decision of the Court of Appeals for the Second Circuit on both of these issues was **RIGHT**.

And that the action and decision of the Court of Appeals for the Sixth Circuit on both of them was **WRONG**.

II.**Brief History of This Litigation.**

The following short resumé of the litigation in the two Circuits will be helpful to the Court, we believe.

1. That Petitioner, an English corporation, filed a bill in the United States District Court for the Western Division of the Southern District of Ohio against F. A. Wagner, then doing business under the trade name of the American Mechanical Toy Company, and Strobel & Wilken Company, a New York wholesale jobbing house, but incorporated under the laws of Ohio. In this bill it was alleged that Wagner as a toy manufacturer and the other defendant as a wholesale dealer had:

a. Infringed Petitioner's patent to one Hornby relating to constructional toys, being the same patent

3

which these two Courts of Appeals later held to be null and void, as stated above.

b. Committed acts of unfair competition in, respectively, making and selling like or closely similar toys in Ohio, and in selling some of them in New York City.

c. Infringed by the publication and sale of a toy trade catalog two certain copyrights on trade catalogs or manuals illustrative and descriptive of the mechanical parts of which such constructional toys were made, and of their uses.

2. The District Court for Ohio (the late Judge Hollister) sustained the bill on all three branches, except that respecting the patent it held it to be void as to a certain feature known as the "rectangular flanged plate," while valid and infringed as to the remainder.

3. In this situation, and on the strength of this District Court interlocutory decree (which was superseded, pending an appeal, on the giving of a \$50,000 bond) the Petitioner filed its bill against this Respondent in the District Court for the Southern District of New York, and on motion obtained a preliminary injunction from his Honor Judge Augustus N. Hand, covering the alleged patent and copyright infringement and unfair competition.*

This bill of complaint against Respondent covered not only the toys and catalogs or trade manuals which had been purchased from the Ohio defendant, but also extended to and embraced **any other** constructional toys and trade manuals therefor by whosoever produced (about a dozen different similar makes be-

*Note: As shown by the Record herein, no attack was made on the lack of financial responsibility of Respondent, and who at the time of the application for the injunction had but \$408.60 worth of these goods in stock.

BRIEF HISTORY OF THIS LITIGATION

ing then on the market), some of the prayers of this bill being:

"That the defendant, John Wanamaker, New York, and its associates * * * may be perpetually enjoined * * * from directly or indirectly competing unfairly with your orator, Meccano, Ltd., by making or causing to be made, selling or offering for sale, * * * any model builder or toy outfit, such as 'American Model Builder' * * * or by otherwise copying, counterfeiting and imitating your orator's products.*

"That the defendant may be compelled by an order of this Honorable Court to deliver up to

*Note: To avoid this broad effect of the bill, and in an endeavor to limit it to the toys and catalogs Respondent had bought from the Ohio manufacturer, Petitioner recently unsuccessfully sought to obtain leave from the District Court in New York, his Honor Judge Mayer, to amend this bill by so changing and reforming it as to cancel or modify the above averments and others in the bill so as to limit it strictly to Respondent's business in this Ohio product. Judge Mayer, in denying said motion to reform and change the scope of the bill, said:

"This is a motion for leave to amend the complaint herein in certain respects, in order to limit the cause of action to unfair copyright infringement alone on account of 'American Model Builder' product and manuals alone or, in the alternative, for leave to apply to the Supreme Court of the United States for permission to have such amendment filed in this Court.

"The views of the Circuit Court of Appeals for the Second Circuit are set forth in the opinions reported in 250 Fed. Rep. 250 and 450. * * *

"The application of plaintiff to amend is opposed by defendant, *inter alia*, on the following grounds:

"(2) That the proposed amendments narrow the charges against the defendant Wanamaker, and make out a case different from that made in the original bill now before the Supreme Court and that was before the Court of Appeals for the Second Circuit when it made its decision adverse to this plaintiff. And, therefore, the decision to be rendered by the Supreme Court, based on the allegations of the bill now before it, and defendant's answer and the proofs, may not be in harmony with the bill if changed by these amendments.

"(3) We also oppose the application to amend because the defendant has acquired certain affirmative rights and a certain status as respects the original bill as drawn, which attacked his right to deal in toys of this character generally, while these amendments would restrict his right to deal in a particular toy of this character. The broader question is before the Supreme Court on the original bill. * * *

"* * * What is asked is that this Court shall permit the complaint to be amended so as to change the scope or extent of the controversy now pending in the Supreme Court. If it be assumed, for the purpose of the argument, that the Court has the power sought to be invoked, I have great doubt as to the propriety of this Court entertaining the motion."

BRIEF HISTORY OF THIS LITIGATION

judicial custody for destruction * * * all building outfits, or building units and separate parts and manuals of instruction in its possession or under its control." (Rec. 12, 13.)

4. That shortly after this preliminary injunction was granted by the District Court in New York, the Court of Appeals for the Sixth Circuit handed down its opinion and—

a. Reversed the lower Court as to the Petitioner's Hornby patent on this constructional toy in question, holding the patent null and void in toto; and

b. Sustained the District Court on the question of unfair competition, notwithstanding that its own decision that the patent was invalid had made public property of the constructional toy as a whole; (thus disregarding the decision of this Court in *Singer v. June*).

While the opinion was elaborate (pp. 131-137, this Record) in its exposition of the prior public art on the subject of these constructional toys, to demonstrate the utter non-patentability of the same and the consequent invalidity of Petitioner's patent, yet as to the important issue of unfair competition it contented itself without going into it at all on its own account, simply saying:

"We approve the Court's conclusion [apparently not the reasons] upon the issues joined, except the one in relation to the patent in suit." (Rec. 132, middle of page.)

Then after the elaborate review of the patent questions, the opinion concludes:

"It results that the decree * * must be reversed so far as it adjudges the patent in suit to be valid or is otherwise dependent on that ruling * *" (Rec. 137.)

c. Sustained the charge of copyright infringement. But again it made no finding of its own, simply generally adopted that of the District Court.

5. That in this situation the Ohio defendants petitioned (in December, 1917, Rec. 137) the Court of Appeals for the Sixth Circuit asking for instructions as to the effect of its decree declaring the patent void in view of *Singer v. June*, to which the petition called the attention of the Court, urging its application upon the ground that that Court itself having found the patent null and void, the monopoly was at an end and no proprietary right to support unfair competition could be thereafter erected and maintained. But the Court denied the petition (January 14, 1918; Rec. 139) and entirely disregarded all question of the application of *Singer v. June*. Indeed, it ignored all reference to this decision, though it was the **basis** of the rehearing petition.

6. That while this rehearing petition remained undecided in the Sixth Circuit this New York or Wanamaker case came on for hearing (January 10, 1918, Rec. 149) in the Court of Appeals for the Second Circuit on Wanamaker's appeal from Judge Augustus N. Hand's injunctional order, the Hornby patent on this Constructional Toy having previously been held to be null and void by the Court of Appeals for the Sixth Circuit, as stated above.

7. That after the denial of our rehearing petition (on request for instructions as to the effect of the decree of the Court of Appeals for the Sixth Circuit in view of *Singer v. June*) and on February 5, 1918, (Rec. 129-30) Petitioner or Meccano moved the Court of Appeals for the Second Circuit that it make its expected opinion to be rendered on the appeal from said

injunctional order a "decision in favor of" Meccano and "upon the merits of this cause, upon the ground that the decision or decree of the * * Circuit Court of Appeals for the Sixth Circuit, in the case of Meccano * * v. Francis A. Wagner * * and Strobel & Wilken Co. * * * is final and conclusive as to the case at bar. * *" (Rec. 130.)

8. That on March 24, 1918, (Rec. 145) the Court for the Second Circuit denied said last named motion, saying, among other things, that:

"We further disregard the objection that the Ohio decree is still only interlocutory and therefore under general principles cannot in any event constitute an estoppel. * * For the purposes of this motion, we may assume that insofar as concerns the matters before the Circuit Court of Appeals, the issues have been finally and conclusively determined. * *

"What we have before us is whether, conceding all this, the plaintiff has established, or can establish, in the Ohio suit, any estoppel which will generally conclude the defendant upon all the issues raised between itself and the plaintiff by the pleadings in this suit. * *

"It is apparent that some of the issues are different from those litigated in Ohio; they involve not only the defendant's right to sell Wagner's toys and manuals, but any others which it may procure elsewhere. We have no right to assume, because the defendant allows Wagner to have the chief conduct of the defense, that it has abandoned all rights except that of getting the toys and manuals from him. * *

"Whatever may be the result here, it is apparent that the case involves more than can be so decided.

"The motion is denied." (Rec. 146-7.)

BRIEF HISTORY OF THIS LITIGATION

9. That shortly thereafter (Rec. 149) the Court of Appeals for the Second Circuit rendered its opinion reversing the injunctive order against this Respondent, following *Singer v. June* and giving rise to the—

Conflict of opinion between these two Courts of Appeals on the issue of whether (besides the conflict on the copyright infringement question) the patent on the article having been judicially decreed to be null and void, there can remain over any exclusive proprietary right and monopoly in the article thus made open to the public on which to sustain an action for unfair competition based on alleged similarity in the mechanical construction of the two articles.

The Court, among other things, said:

"A similar bill was filed in the Western Division of the Southern District of Ohio against the manufacturer of the American Model Builder outfit and its eastern sales agents who supplied the present defendant with it. * *

"Upon appeal to the Circuit Court of Appeals in the Ohio case the decree was reversed so far as it held the patent valid and affirmed as to copyright infringement and unfair competition. * *

"We concur fully with the opinion of the Circuit Court of Appeals for the Sixth Circuit as to the invalidity of the patent and think it unnecessary to do more than to refer to it **on that point.** (Heavy type ours.)

"The complainant cannot obtain a monopoly for all time of the perforated plates of the lengths having equi-distant holes and intervening spaces which it first used. These are functional features

BRIEF HISTORY OF THIS LITIGATION

of the units of construction which any one is at liberty to use. Of course, it cannot claim a monopoly of constructing the particular models or toys which it has made, as, for example, wheelbarrows, bridges, cranes, Ferris wheels, trucks, etc.

"Assuming that the public associates plates of this description with the complainant as a source and that there is likely to be confusion because of similarity of the outfits, it is a question whether it is entitled within the decision of the Supreme Court in *Singer Co. v. June*, 163 U. S. 169, to more protection than that outfits made by others should be advertised and sold as the product of the makers under names and in packages which do not simulate the complainant's.

"This is true of the outfits which the defendant sells. The name of the complainant's is 'Meccano' and of those sold by the defendant 'American Model Builder.' They are advertised as made by the American Mechanical Toy Company and sold in dissimilar packages." (Heavy type ours.)

Then as to the claim of copyright infringement, the Court further said:

"So in the nature of things the constructing elements and the things constructed being the same, the plates illustrating them and the instructions contained in the manuals furnished with the two outfits must be more or less alike. All that should be required of other makers is to do independent work.

"When it comes to the charge of actually palming off, the evidence is insufficient to justify a preliminary injunction. The defendant has of course the right to sell as much as it can of the outfit which gives it the greatest profit and to press that outfit upon its customers as against the other."

(Reference is then made in the opinion to the evi-

UNDERLYING PROPOSITION

dence, consisting largely of affidavits by Meccano's own counsel herein, Mr. Scott and Mr. Lewis, as to a purchase they personally sought from a young Wanamaker sales girl—a singular office for counsel to perform.)

9. A petition by Petitioner (Meccano) for a rehearing of its said motion for a decision on the merits of the case and for a rehearing on the matters decided in the opinion we have just reviewed; and the denial of such petition. (Rec. 152.)

10. Then the certiorari petition to this Court; and this Court's apparent recognition of this conflict in the decisions of these two Circuit Courts of Appeals by its allowance thereof. (Rec. 179-80, Order of October 31, 1918.)

III.

Underlying Proposition.

The underlying proposition now before this Court is which was right—the Circuit Court of Appeals for the Sixth Circuit holding, in effect:

That Meccano now has, and for all time can continue to hold, an exclusive monopoly in the manufacture and sale—at the time of these suits the manufacture in England and importation into this country by domestic sales representatives residing in the United States—of constructional toys made of perforated metal strips and perforated flanged metal plates, with fastening devices to secure the parts together when formed into models of larger well-known structures, the Hornby patent for such constructional toys being now null and void and such structure released to the public (as held by the Circuit Court of Appeals for the Sixth Circuit);

Or the Circuit Court of Appeals for the Second Circuit, which held to the contrary—

That no such exclusive unlimited monopoly can under these circumstances be set up and maintained, the only requirements being:

a. That the several makers and sellers shall each distinguish their goods by distinct and different names, as "American Model Builder" compared with "Meccano";

b. That the packages or "dress" of each shall likewise be distinct, as that Court also held to be the fact in respect of the packages employed by the parties in this litigation.

IV.

The Law as Laid Down by This Court.

These two holdings or propositions (a and b) of the Court of Appeals for the Second Circuit are in accordance with the law as laid down by this Court in *Singer v. June*, *supra*. In the course of his elaborate opinion in that determinative case the learned Mr. Chief Justice White, with his accustomed perspicuity, put this question:

"* * has the manufacturer, on the cessation of the monopoly, [the termination of his patent] the right to prevent the making **by another** of a **like machine** in the **form** in which it was made during the life of the patents * * ?" (Page 184.)

Then answering it, he further said:

"It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine **in the form** in which it was constructed during the patent. We may, therefore, dismiss without further comment

the complaint, **as to the form** in which the defendant made his machines." (Page 185.)

He then reviews at liberal length a number of cases of like import decided on the circuit in 1877 and following, observing:

"In *Fairbanks v. Jacobus*, 14 Blatchford 337, (1877), it was sought to restrain the defendant from making or selling an imitation of Fairbanks Scales, and from casting the words 'Fairbanks Patent' upon scales so made in imitation of scales of the manufacture of the complainant, Johnson, J., held (p. 341) that by reason of the expiration of the patents under which plaintiff manufactured his scales there was not in the acts complained of any invasion of the plaintiff's rights * * *.

"In *Singer Manufacturing Co. v. Larsen*, 8 Bissell 151, (1878), it was sought to restrain the defendant from the use of the name 'Singer' in connection with machines manufactured or sold by him. Drummond, J., observed (page 152):

"'On a machine called 'The Singer Sewing Machine' there were various patents. These patents have all expired, and nothing can, therefore, be claimed under them. Other persons cannot be prevented from manufacturing a machine **like** the Singer Sewing Machine, and which may be called, to distinguish it from other machines, 'Singer Sewing Machine'. * * *.

"In *Singer Manufacturing Company v. Stanage*, 6 Fed. Rep. 279, (1881), Treat, District Judge, said (page 280):

"'The plaintiff and its predecessors had, in connection with others, through patents, a monopoly as to certain sewing machines, known as the 'Singer Machines.' When these patents expired every one had an equal right to make and vend such machines. If the patentees or their assignees could assert successfully an exclusive right to the

name 'Singer' as a trade mark, they would practically extend the patent indefinitely * * *.

" 'Sixth. The distinctive names and devices of the plaintiff corporation were not used by the defendant, and no one of ordinary intelligence could suppose that the 'Stewart' manufacture was the manufacture of the plaintiff. Each had its distinctive and detailed names and devices, so that there was no probability that the machine made by one would be mistaken for the manufacture of the other.'

"In *Brill v. Singer Manufacturing Co.*, 41 Ohio St. 127, (1884), it was held (pages 137 *et seq.*) that as Singer machines had been protected by patents and during the existence of such patents became known and identified in the trade by their shape, **external appearance or ornamentation**, the patentee could not, after the expiration of the patent, prevent others from using the same modes of identification **in machines of the same kind**, manufactured and sold by them."

"In *Cheavin v. Walker*, 5 Ch. Div. 850, (1877), it was held that the trade mark or label of the defendant, which fully stated that a filter to which it was attached, upon which the patent had expired, was made by him, did not infringe the trade mark or label of the complainant, who had succeeded to the rights of the original patentee. In the Court of Appeals * * * Bagalley, L. J., said (page 865):

" 'The Vice Chancellor thought that the words 'Cheavins Patent' were calculated to deceive the public. But 'Cheavins patent' is a correct description of the principle according to which the article is made, and there follows a distinct statement that it was manufactured by Walker, Brightman & Company. Therefore, on this ground also the case made by the plaintiff's claim fails.' " (Pp. 188, 189, 190, 194.)

Then after referring to *Singer Manufacturing Company v. Wilson* and *Same v. Loog* (2 English cases), he added:

"It may however be said that both these cases recognized the right of a party in his advertising matter to state that his machines were constructed upon the Singer **system or model.**"

Then referring to the effect of the law of France on these subjects, he further said:

"On the contrary the French writers and Courts recognized the doctrine to be substantially like that which is enforced in America and England." (P. 196.)

Concluding his discussion of the law, he said:

"The result, then, of the American, the English and the French doctrine universally upheld is this, that where, during the life of a monopoly, created by a patent, a name, whether it be arbitrary or be that of the inventor, has become, by his consent, either express or tacit, the identifying and generic name of the thing patented, this name passes to the public with the cessation of the monopoly which the patent created. Where another avails himself of this **public dedication to make the machine and use the generic designation, he can do so in all forms, with the fullest liberty,** by affixing such name to the machines, by referring to it in advertisements and by other means, subject, however, to the condition that the name must be so used as not to deprive others of their rights or to deceive the public, and, therefore, that the name must be accompanied with such indications that the thing manufactured is the work of the one making it, as will unmistakably inform the public of that fact." (Pages 199, 200.) (Throughout our quotations the heavy-face type, for purposes of emphasis, are ours.)

A decree was then ordered to be entered below requiring the defendant in using the word "Singer," and in marking and advertising machines covered by the expired patents to unmistakably indicate that such machines were of defendants' manufacture.

Thus we submit the *Singer* case is decisive of the one now at bar in upholding and sustaining the decision of the Court of Appeals for the Second Circuit. And, conversely, is decisive in determining the incorrectness of the contrary decision of the Court of Appeals for the Sixth Circuit, which it adopted from the District Court for the Southern District of Ohio, Western Division.

It will be noted here that the *Singer* case gives two broad rights to the public and all subsequent manufacturers:

(a) That of freedom to make, use and sell the machines covered by the patents before their expiration "in all forms, with the fullest liberty." And that in the exercise of this right the later makers can (as said in *Brill v. Singer Manufacturing Company*, 41 Ohio St. 127, cited with approval) make their machines of the "shape, external appearance or ornamentation" by which, during the existence of the patents, the patented machines "became known and identified in the trade";

(b) That of freedom to use the generic name by which the machines were known during the period of the patents, with the right to state in the advertising matter that such machines were constructed upon the "system or model" of the previous machines; provided only that in such instances the later makers must so mark their machines as to show that they are of **their** manufacture.

In the case at bar, however, only one of these rights is sought to be exercised—that of buying and selling the toys themselves, and not that of using the name “Meccano,” by which they were known during the life of the patent. Instead, Respondent’s toys are known as “American Model Builder”; and are so marked, with the name of the manufacturer, “The American Mechanical Toy Company,” also clearly and boldly appearing on the packages, labels, advertisements, catalogs, etc.

V.

Petitioner’s Hornby Constructional Toy Patent.

To facilitate the Court’s application of the above rules of law to this case a brief reference to petitioner’s now terminated patent will here be made.

Judge Ward, speaking for the Court of Appeals for the Second Circuit, after holding this patent to be null and void, said:

“The complainant cannot obtain a monopoly for all time of perforated plates of the lengths having equi-distant holes and intervening spaces which it first used. These are functional features of the units of construction which any one is at liberty to use. Of course, it cannot claim a monopoly of constructing the particular models or toys which it has made, as, for example, wheelbarrows, bridges, cranes, Ferris wheels, trucks, etc.”

Applying this to the subject-matter of the Hornby patent the Court will please turn to the patent drawings and specifications following page 14 of the Record.

The “functional features,” or “units of construc-

tion," referred to by Judge Ward are there shown to comprise perforated plates in two forms—long, narrow strips or plates and shorter and wider strips or plates, the latter having their edges bent over to form flanges, which also are perforated. Fastening devices too are shown, so that these "units of construction" can be united in forming different models imitative of larger structures, as wheelbarrows and swings, etc. The "perforated strips 22 and the plate 7" are repeatedly referred to in column 1, page 2, of the Hornby patent, in describing the make-up of the several models.

Claims 1 to 8 of the patent deal with one of these features, the flanged perforated plate. Claims 9 and 10 deal with **three general elements**, "in a working model, toy or the like," namely:

- (1) Such perforated flanged metallic plate.
- (2) "Other perforated mechanical elements" (meaning narrow strips of metal having holes).
- (3) "Means engaging perforations" in the other parts (meaning screws or little bolts to fasten these several parts together).

All of this subject-matter of functional mechanical parts is public property by reason of the cessation of this patent. (And is public property also because of the prior state of the art as later shown.) Yet Petitioner is seeking, under the guise of alleged unfair competition, to establish a continued or perpetual monopoly in these general structural features.

The Court of Appeals for the Sixth Circuit held that Petitioner can have such unlimited monopoly in the subject-matter of a defunct patent. This was contrary to *Singer v. June*.

The Court of Appeals for the Second Circuit has

held that Petitioner cannot have such unlimited monopoly in such subject-matter. This was in obedience to *Singer v. June*.

VI.

This is the whole case on the alleged unfair competition question. But Petitioner goes off with other proposals, such as this:

That the Circuit Court of Appeals for the Second Circuit should not have exercised any independent judgment—should not have rendered any opinion of its own, but in a perfunctory manner should have blindly, slavishly and obediently followed the contrary holding of the Circuit Court of Appeals for the Sixth Circuit.

This course would have deprived John Wanamaker of the right of trial or hearing in a Court having jurisdiction over him or his company; and would have deprived a learned co-ordinate Court of the right and duty to exercise its own independent judgment, and have reduced it to a mere conduit through which the judgment of another Court should pass—as air through a tube and water through a ditch.

And for this extraordinary proposal they offer this Court the following grounds, which they also already have urged unsuccessfully on the Court of Appeals for the Second Circuit:

A. That the decree of the Court of Appeals in the Ohio case was a final decree.

B. That the subject-matter in litigation there and in the Wanamaker case was identical.

C. That the parties were identical, actual or in privity.

And on these assumed conclusions they assert that this Court should now **"instruct"** the Court of Appeals of the Second Circuit to so abrogate its own functions and judgment; and to forthwith adopt and make as its own the decision of the Court of Appeals of the Sixth Circuit—which it does not believe in, as shown by its own contrary decision, founded on *Singer v. June*.

We shall answer these proposals in their order.

A. Decree—Is Not Final, But Interlocutory.

The first and all-sufficient answer to this contention that the Court of Appeals for the Second Circuit should have followed the Court of Appeals for the Sixth Circuit is that the decree in the Sixth Circuit was, and is yet, merely **interlocutory** and not final. No recovery or money award has yet been made; or can be until the Master, to whom the cause has been referred to take an account, has made his report;* nor

*Note: This decree is printed at page 139, *et seq.*, this record. On page 142, paragraph 10 of the decree, the case is referred to a Master to take and state an account. But as this decree entered by the District Court after the mandate of the Circuit Court of Appeals went down, was deemed to go beyond, and to be inconsistent with, and a violation of, the decree, the Circuit Court of Appeals had affirmed, the Ohio defendants petitioned the Court of Appeals for a writ of mandamus against the District Court to compel conformity of the District Court decree with the decree the Court of Appeals had directed to be entered, by the elimination from such district decree of the provisions of paragraph 7 (Rec. 141) commencing with "is hereby granted"; paragraph 8 (Rec. 141-2) and paragraph 15 (Rec. 143). The Court of Appeals received and acted on said petition, and issued an order on the District Court suspending carrying said decree into effect and requiring the District Court to show cause why the petition should not be granted. The District Judge (the late Judge Hollister) filed his response to the cause order, and the mandamus petition was heard in the Court of Appeals at its term commencing October, 1918. It sustained the mandamus petition and ordered certain portions of the District Court decree stricken out to conform it to its own decree. These are all matters of record in the Court of Appeals for the Sixth Circuit and we refer to them in this foot note merely as explanatory, that nothing may be kept from the knowledge of this Court. *Such is the state of the decree that the petitioner contends is now a final decree or such in effect, an obvious error. The Court of Appeals for the Second Circuit could not, and did not, regard these decrees as final.*

DECREE—NOT FINAL, BUT INTERLOCUTORY

until such report shall have been passed upon by the District Court; nor yet until the Court of Appeals for the Sixth Circuit shall have reviewed and determined such action by the District Court. As yet Petitioner has not made its case before the Master. Only some preliminary orders and responses have been made. Petitioner indulges in many contentions, and uses many words, to show that the decree in the Sixth Circuit is, somehow, if not exactly final, nevertheless sufficient to support the contention of *res judicata*. But the fact remains that such decree was and is merely and purely interlocutory. It may later be modified by the Court of Appeals for the Sixth Circuit immediately after this Court decides this case, without waiting for the Master's report.

Therefore, the decree, which it is contended the Court of Appeals for the Second Circuit should have followed is purely interlocutory, and counsel for the Petitioner have, in effect, confused *res adjudicata* with *stare decisis*.

That such decree is interlocutory under the law, we beg to cite the following cases:

Hills v. Hoover, 142 F. 904.

Brush Electric Co. v. Western Electric Co., 76 F. 761, 22 C. C. A. 543.

Ogden City v. Weaver, 108 F. 564, 47 C. C. A. 485.

Australian Knitting Co. v. Gormly (C. C.), 138 F. 92.

Keystone, Etc., Co. v. Martin, 132 U. S. 91, 10 Sup. Ct. 32, 33 L. Ed. 275.

McGourkey v. Toledo & Ohio Railway Co., 146 U. S. 536, 13 Sup. Ct. 170, 36 L. Ed. 1079.

Barnard v. Gibson, 7 How. 650.

Humiston v. Stainthorp, 2 Wall. 106, and cases cited in note.

DECREE—NOT FINAL, BUT INTERLOCUTORY

- Estey v. Burdett, 109 U. S. 633, 637.
 Hohorst v. Hamburg-American Packet Co.,
 148 U. S. 262.
 Smith v. Vulcan Iron Works, 165 U. S. 518.
 California Bank v. Stateler, 171 U. S. 447, 499.
 Craighead v. Wilson, 18 How. 199.
 Bebee v. Russell, 19 How. 283.
 Lodge v. Twell, 135 U. S. 232.
 Union Mutual Life Insurance Co. v. Kirchoff,
 160 U. S. 374.
 Hollander v. Fechheimer, 162 U. S. 326.

In the certiorari petition in this case Petitioner cited Lovell-McConnell Mfg. Co. v. Automobile Supply Manufacturing Co., 235 U. S. 383, and *in re* Sanford Fork & Tool Company, 160 U. S. 247, to the point that those cases show that the present Ohio decree is final. **Those cases fail to sustain that position.**

The Lovell case does not hold that a decree awarding an injunction and an accounting, and appointing a Master, is final and creates an estoppel, but merely that it was the intention of the statute under discussion to cover such a decree. This Court distinctly says that the decree in that case was "interlocutory in character," and that "in a technical sense the decree in question was interlocutory." Reference to the interlocutory character of the decree is made a number of times in that opinion. No question of estoppel was involved, but merely the construction to be given a statute covering costs. On the question of estoppel, such decrees have always been held to be interlocutory, as seen from the cases cited above.

The Sanford case does not hold that a decree of the kind in this case is final, and can be used as the basis for *res adjudicata*, but merely holds that questions once decided by this Court will not be re-examined in

SUBJECT-MATTER—PRIVITY

a "subsequent stage of the **same** case." The question as to whether the decree was final was not under consideration. The case does not apply here.

We may add that in *Ex Parte* National Enameling & Stamping Co., 201 U. S. 156, a patent suit, this Court reiterated that a decree is not final while an accounting is pending. The decree now before this Court (Rec. 139) appoints a Master and directs an accounting (Rec. 142) as stated above.

B. Subject Matter—Toys and Business Acts of Wanamaker.

As to the contention of Petitioner that there is identity of subject-matter, we may reply that the mechanical subject-matter is exactly the same in both cases, namely, the functional elements or devices comprising a constructional toy, as pointed out above; but that the business acts or course of dealings in these articles by Wanamaker having been personal and peculiar to him or his company, in their retail business must of necessity be different from the course of dealing by the Ohio manufacturers in their wholesale business.

C. Privy—Wanamaker and the Ohio Suit.

Petitioner also urges privity between Wanamaker and Wagner, one of the Ohio defendants mentioned in the decisions in the Sixth Circuit. But there is nothing in such contention. It rests on what is shown by Respondent's answer to certain interrogatories (Rec. 121). Judge Hough passed on these interrogatories and said:

"The propriety of these interrogatories must be tested by inquiring whether the answers to

them would tend to prove that any person or corporation against whom the validity of the patent in suit (this was before the patent was held invalid) has been conclusively established is or is not privity to the present action.

"The latest decision elucidating this point is *Rumford Chemical Works v. Hygienic, Etc., Co.*, 215 U. S. at 160. It is there held that mere contribution to the defense of an action does not make one a privity with the defendant."

He then held that all those interrogatories "which seek to ascertain whether any one is merely contributing to the expense of defending this action" were "obviously immaterial." (Rec. 120.)

The answers to the remaining interrogatories show that "the **control** of the defense * is in the defendant, while the **management** is in the hands of J. Chester Johnson, Esq., defendant's own paid counsel, Toulmin & Toulmin, general patent counsel for The American Mechanical Toy Company, and Pliny W. Williamson, Esq., their New York associate solicitor"; The American Mechanical Toy Company having sold to Respondent some of its constructional toys, as to which it gave "assurances to hold defendant harmless." (Rec. 120-1.) And it was in view of this that the Court of Appeals held, in disposing of Petitioner's motion for a "decision on the merits," that "we have no right to assume" that the Respondent "has abandoned all its rights except that of getting its toys and manuals from him" (meaning Wagner). (Rec. 147.)

It is obvious from these simple circumstances that Wanamaker is nowise estopped by anything that took place in the Ohio litigation. It was not represented in that suit. It did not have its day in Court until

this later action was brought against it. Its past and future business was involved; and its right to hereafter deal in this class of toys, now public property, whether purchased from the Ohio manufacturer, **or others**, of which there are many engaged in manufacturing this class of goods, **was at stake**. The learned Judges in the Second Circuit saw this and decided the case accordingly. It is also obvious that Petitioner has gotten "the cart before the horse," since Petitioner is trying to estop Wanamaker, not by any former and final adjudication against Wanamaker, but merely because The American Mechanical Toy Company, the corporation, (not even Wagner personally), has been assisting in the Wanamaker defense. And to add to the difficulties in Petitioner's contention, it must be said that there has as yet been no adjudication at all, of any kind whatsoever, on the merits against The American Mechanical Toy Company. It was merely impleaded in the action against Mr. Wagner after the Court of Appeals for the Sixth Circuit had rendered its decision herein against Wagner and Strobel & Wilken. (Rec. 131.)*

And this right of Wanamaker to have this cause determined by the Court of Appeals having jurisdiction over him (his corporation Respondent), and also

*Note: On February 11, 1918, Judge Hollister made an order impleading The American Mechanical Toy Company as a party to the suit against Mr. Wagner, *et al.* A reference to the decision of the Court of Appeals for the Sixth Circuit (Rec. 131) and the subsequent interlocutory decree of the District Court (Rec. 139) will show that this corporation was not a party to the suit—so entirely so that it had to be later impleaded at a time when the decisions and judgments in the case had already been made. And it is this corporation, not Wagner, that is referred to in the answers to the interrogatories. The case against the corporation has not been even tried as yet. On December 6, 1919, Judge Peck (Judge Hollister's successor) signed an order transferring it from the Court in Cincinnati to the Court in Dayton, where this corporation is located, and where the case against Mr. Wagner, a citizen of Dayton, ought in fact to have been tried in the first place. (Judicial Code, Sec. 100.)

this recognition of the fact that the decree in the Sixth Circuit was interlocutory and not final, are both specifically stated in the opinion of Judges Rogers, Learned Hand and Mayer. (Rec. 145.) In that opinion they denied Meccano's motion (Rec. 130) "for a decision [in favor of complainant-appellee, Meccano], on the merits of this cause." They said:

"We further disregard the objection that the Ohio decree is still only interlocutory and therefore under general principles cannot in any event constitute an estoppel. * * * For the purposes of this motion, we may assume that insofar as concerns the matters before the Circuit Court of Appeals, the issues have been finally and conclusively determined."

"What we have before us is whether, conceding all this, the plaintiff has established, or can establish, in the Ohio suit, any estoppel which will generally conclude the defendant upon all the issues raised between itself and the plaintiff by the pleadings in this suit.

"We think it clear that that decree cannot have any such effect, and Judge Ray so ruled in *Van Epps v. International, Etc., Co.*, 124 Fed. R. 542. The cases which generally come up are those in which in the first suit the manufacturer has intervened to protect the customer, and it has been held that the decree then entered will be a good estoppel in the second suit instituted against him individually. We may assume that Wagner's intervention here is of such a kind as would create a good estoppel against him in any subsequent case. The case at bar, however, is exactly the reverse, and unless all issues are the same in each case, we should not dispose of the suit in this summary manner. It is apparent that some of the issues are different from those litigated in Ohio; they involve not, only the defendant's

rights to sell Wagner's toys and manuals, but any others which it may procure elsewhere. **We have no right to assume, because the defendant allows Wagner to have the chief conduct of the defense, that it has abandoned all rights except that of getting the toys and manuals from him.** While we do not hold that the decree is an estoppel, taken strictly, even as to those toys and manuals, we may even suppose that, Wagner having now intervened, it is such. Still it would make no difference in the result of this motion * *

*." (Rec. 146, 147.)

It was after this opinion that the Court of Appeals for the Second Circuit made its decision on the merits of Wanamaker's appeal, and then decided that this Petitioner could have no exclusive right in the use of the mechanical construction of perforated parts, as such structures had passed to the public at the cessation or defeat of the patent.

Yet, Petitioner is here contending that the Court of Appeals for the Second Circuit should have followed the Court of Appeals for the Sixth Circuit. We say and submit here:

(A) **That the Court of Appeals for the Second Circuit was right in making its own decision;**

(B) **That the decision it did make was also right.**

And in exercise of its right to reach and express an independent judgment the Court of Appeals for the Second Circuit simply declined to apply the rule of comity. *Mast, Foos & Co. v. Stover*, 177 U. S. 485. Nor did the Court of Appeals for the Second Circuit follow the opinion of the Court of Appeals for the Sixth Circuit in the decision of the former in the rubber tire litigation involved in *Consolidated Rubber Tire Company v. Diamond*, 157 Fed. 677, and in which

this Court later granted a certiorari petition on the ground of the conflict of opinion between these two Courts of Appeals of the two circuits. (212 U. S. 574.)

In their certiorari petition they cited on the question of privity between Wanamaker and Wagner and his corporation the cases of *Linn & Lane v. U. S.* 236 U. S. 574; *Simmons v. Doran*, 142 U. S. 417; *Brill v. Washington Ry. Co.*, 215 U. S. 527; *Postal Telegraph Cable Co. v. City of Newport*, 38 S. C. R. 566, 62 L. Ed.; *Merriam Co. v. Saalfield*, 190 Fed. 927, 6th C.C.A.

But these cases have no application because in each of them there had been a **final decree** on which to erect a question of privity.

VII.

Petitioner has also suggested that the status of an article in the hands of a customer after it has been held fraudulent and unlawful in a suit against a manufacturer, has not been directly decided by this Court.

Be that true or untrue, it is only a moot question here for the following reasons:

a. Because there has been in this case no final or determinative decree holding the constructional toys in question fraudulent or unlawful. To the contrary the Court of Appeals for the 2nd Circuit has held them to be lawful and free. It is therefore quite premature to assume at this time that the toys dealt in by Respondent are unlawful.

b. Also because the statement that the article involved is fraudulent or unlawful is a begging of the question, since Petitioner brought this case to this Honorable Court for the very purpose of having authoritatively settled here the conflict of opinion

which has arisen as to whether these constructional toys are or are not fraudulent and unlawful.

These simple but fundamental considerations seem to us altogether sufficient to dispose of the query Petitioner precipitately offers.

Petitioner further offers the suggestion whether an unsuccessful defendant in a suit in one Circuit, in which his product has been adjudged unlawful, is to be permitted to re-litigate the same issues on the same product by assuming the defence of a subsequent suit in another Circuit against one of his customers.

This, in effect, is restatement of the same general question in another form. The following replies dispose of the proposition presented in this latter form.

A. That in this case, there has as yet been no unsuccessful defendant in a legal sense, because, there has been no final decree in the Ohio case. As we have repeatedly pointed out, the suit against the original defendants has only developed into a interlocutory decree, with the case pending before a Master for an accounting, while as to the impleaded defendant, the corporation known as The American Mechanical Toy Company, there has as yet been no trial at all; and this too, is the Ohio defendant which, as elsewhere stated in this brief, has been rendering assistance in the defense of this New York suit against Wanamaker.

B. That this same contention was made by the Petitioner before the Court of Appeals for the Second Circuit in support of its motion for a decision on the merits. But the motion and the contention with it was overruled in the opinion of that Court, found at page 145 of the Record.

These considerations seem to be sufficient to dispose of this repetition of unfounded propositions al-

ready overruled by the learned Court in the Second Circuit.

VIII.

In their certiorari petition the following cases were discussed. We beg leave to briefly point out their inapplicability to this case.

Merriam v. Saalfeld, 190 F. 927 (C. C. A 6) does not apply to this case on the question of estoppel because in that case the decree relied on was **final**, while in this case it is interlocutory.

Brill v. Wash. Ry. Co., 215 U. S. 257, does not apply for the same reason. In that case also the decrees under review by this Supreme Court were final decrees, one by the Supreme Court of the District of Columbia dismissing the bill, and the other by the Court of Appeals for the District affirming the dismissal. Both decrees were final.

But even so, this Court did not rest its decision on the final decree against the manufacturer, but proceeded to decide the case on its merits, holding that the patent was not infringed, which affirmed the two District decrees.

Linn & Lane Timber Co. v. U. S. 236 U. S. 574, has no application whatever to the case at bar. In that case an individual was sued within the time fixed by the statute of limitations. Before any decree and a few months later a corporation, his successor, was "brought into the suit," but this was "more than six years" after the action accrued. The corporation had fraudulently hidden the title to the land patents and the individual defendant was found to have connived with the Company in the fraud. In this situation it was simply held that the suit, having

been brought against the individual within the statutory time, would operate to save the interests of the Government as against the corporation on the ground of privity between the individual and the corporation. But all this is quite unlike binding Wanamaker by the interlocutory decree in Ohio, no matter whether that decree be treated as against Mr. Wagner personally or, for purposes of this case, against the later Ohio corporation (against which, however, not even a trial has yet taken place), since in any event there is no final decree in the Ohio cases upon which to predicate an estoppel against Wanamaker.

Simonds v. Doran, 142 U. S. 417, has no particle of application here. That case held that where individuals, who organized a corporation, had actual or constructive knowledge of defects in the title to the lands they deeded to the corporation, such knowledge, actual or constructive, extended to the Company.

Postal Telegraph v. Newport, 247 U. S. 464, was a case where there had been a **final** decree by the Court of Appeals of Kentucky, notwithstanding which this Court held there was no privity between the defendant in that action and the defendant then before this Court because the transfer of property from one defendant to the other took place before the action was brought against the first defendant.

But it is obvious that neither this Court nor the Court of Appeals for Kentucky could or would have held that there was *res judicata* between the two defendants, no matter what the date of the transfer from one to the other, had there not been a final decree in the first action.

In the case at bar it is shown that there is no final decree in Ohio, and hence there can be no question of

res judicata against Wanamaker, no matter (for this purpose) what may be the relation of the Ohio defendants to each other.

Rock Spring Co. v. Gaines Co., 246 U. S. 312, does not apply here because in that litigation there had been a former final decree dismissing the bill of complaint. But here there has been no final decree **anywhere**.

Hart Steel Co. v. Ry. Supply Co., 244 U. S. 294, does not apply. In that litigation there had been a final decree dismissing the suit in one circuit, and this was held to support the defense of *res judicata* in the second suit, the parties being in privity, as the defendant in the second suit was substantially owned and was controlled by the defendant in the first suit.

But all this has no application here as against Wanamaker, first, because there is no final decree in this litigation upon which to predicate *res judicata*, and second, because Wanamaker has no relation of privity to the Ohio defendants, individual or corporate.

Penfield v. Potts, 126 F. 475 (C. C. A. 6), does not apply. In that litigation there were a number of suits by the same plaintiff on the same patent against a number of different manufacturers. By stipulation all the evidence taken in either case was to be used in the others, and the expenses of the defense in all the suits were equally borne by all the defendants. These facts were known to the plaintiff.

The Court held that the first **final** decree to be rendered would control in the remainder of the cases. But here the whole basis was the **finality** of the decree which was to control.

Sacks v. Kupferle, 127 F. 569, does not apply. Here again there had been a **final decree** in a Mass. case

before the second or Missouri case was decided. As the Missouri defendant had undertaken the "full defense" of the Mass. case, the **final** decree in the Mass. case was held decisive of the Missouri case.

Warren v. De Camp, 154 F. 198, is another case without application here. In that litigation there were two suits against parties which were in privity, and the Court simply held that the **final decree** in the first suit was conclusive of the second suit.

Kempe's Lessee v. Kennedy, 5 Cranch 173, is not applicable at all. In that case there had been a judgment by a Court of Common Pleas in favor of the defendant. In a subsequent suit the Court directed a verdict for that defendant. In this Court the contention of the plaintiff in error (defendant below) was that the Common Pleas judgment was erroneous and an absolute nullity. This Court simply held that though the former judgment was erroneous, it was nevertheless a judgment until reversed and that it could not be disregarded.

Forsyth v. Hammond, 166 U. S. 506, was simply a case where the plaintiff sought relief first in the state Courts of Indiana and then in the Federal Courts. The Supreme Court of the State having decided adversely, she prosecuted her demands in the Federal Courts, resulting in a conflict of opinion between the Supreme Court of Indiana and the Circuit Court of Appeals for the Seventh Circuit. In this situation this Court held that the plaintiff was estopped upon principles of *res judicata* by the judgment of the Supreme Court of Indiana, which was **final**.

New Orleans v. Citizens Bank, 167 U. S. 371, also does not apply here. In that case part of the controversy was covered by two previous **final judgments**

between the same parties, and the Court held that *res judicata* applied.

Southern Pacific v. U. S., 168 U. S. 1, does not apply here because the judgment of *res judicata* in that case rested upon **former final decrees** between the United States and the Southern Pacific Railroad.

Bates v. Bodie, 245 U. S. 520, turned on the application of a **final decree** in a former suit between the same parties. A **former final decree** in Arkansas was held to estop the plaintiff from suing in Nebraska on a demand within the scope of the **final decree**.

Hubbell v. U. S., 171 U. S. 203, has no application here for the like reason that there had been a previous **final judgment** by the Court of Claims in a previous action between the same parties on the same demand. The **final decree** supported the defense of *res judicata*.

Case v. Beauregard, 101 U. S. 688, was to like effect, namely, that a prior **final decree** supported the defense of *res judicata* in a second suit.

National Fdy. Co. v. Oconto, 183 U. S. 216, held that a "final decree" entered in a former creditors' suit was conclusive in the subsequent suit on a foreclosure proceeding on the ground of *res judicata*.

Hancock Nat. Bank v. Farnum, 176 U. S. 640, recognizes and applies the conclusive effect of a prior judgment **when it is final**. But as there is no final decree in this Ohio litigation, that decision has no application here.

Finally, Kessler v. Eldred, 206 U. S. 285, was cited. But that case turned on the decree in the suit against the manufacturer being a **final decree**, finally adjudicating that the manufacturer was not an infringer. The whole structure of the doctrine announced in the Kessler case was this **finally adjudicated right**. But,

as we have so often said, as there is no final decree at all in this litigation, in favor of either party, the Kessler case, like all the others above reviewed, is not pertinent.

IX.

Prior Art

These Constructional Toys Open to the Public.

Aside from the invalidity of the Hornby patent having thrown open to the public all that it contained, the following additional public art may be noted in justification of Respondent's right to deal in these constructional toys, and in further opposition to the demands of Petitioner for an exclusive monopoly in that which is thus shown to be common public property. This public art amply shows one common System of building up various models, imitative of large structures, from perforated strips, and perforated plates, with fastening devices. All of these prior patents are based on this one System, each patent presenting detail variations, such as a given spacing between the perforations, a given length for the strips, and a given number of holes in the respective strips. In all, the perforations are essentially equi-distant, either as to all or some of the perforations, while in some cases stress is laid upon the equi-distant spacing of the perforations by specific statements to that effect.

Again, there is shown in this prior art the other common feature of this System, the making of these toy outfits with strips in groups of different lengths, so that one group of strips is one length, another group another length, and still another group yet an-

other length, the strips of each group having the same number of holes. All this was old.

These disclosures of the prior art match exactly with the void Hornby patent in suit, and with his alleged System of standardization of parts, to which Petitioner is now seeking an exclusive unlimited monopoly.

Illustrative Summary of Prior Art.

See the sheet inserted opposite this page. It epitomizes the art as shown in the record in this case.

(1) Note Petitioner's (plaintiff's) perforated strips at the top of the sheet (left hand).

(2) Now compare these strips with all the like or similar strips shown below them, with their equi-distant perforations—all for the same use and purpose as Petitioner's—that of building small models of large structures.

(3) Then note Petitioner's Hornby perforated plate at the top of the right-hand side of the sheet.

(4) Now compare with that plate the several older plates of the prior art, with their equally spaced perforations.

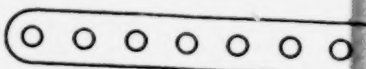
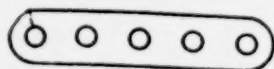
(5) Observe now the middle group of figures showing Petitioner's wheels with perforations and compare with the like prior art wheels also similarly perforated for the same purpose—for use in building up the models.

(6) Next, note the right-angle pieces or "brackets" of Meccano and compare with their forerunners in the older art.

(7) And finally see the "fastening screws" of Petitioner and the similar or like screws used by others at much earlier dates, being part of the public stock of things.

STRIPS

Plaintiff's Perforated Strips (Patent



Lillenthal 1889 German Patent.
 FIG. 14. Pat. says holes equi-distant

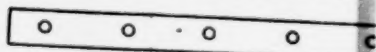
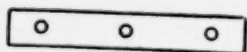


FIG. 4. Quackenbush 1877 Patent.

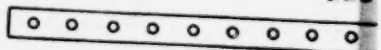
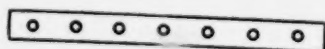


FIG. 6. Fairbanks 1873 Patent.

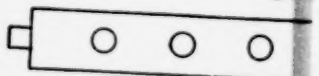
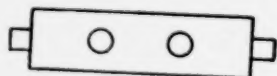


FIG. 1. Hornby 1906 Patent.

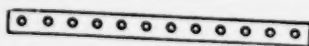


FIG. 5. Walther 1904 German Patent.

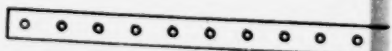


FIG. 1. Jenss' 1895 English Patent.



Von Leistner 1895 Patent.

Manufactured by Harris 1897-1900-"Iron Constructor"
 FIG. 2.



PLATES

PLAINTIFF'S PLATE (PAT. IN SUIT)

QUACKENBUSH 1877 PATENT
FIG. 2.

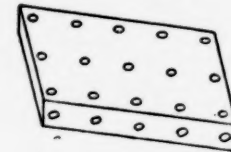
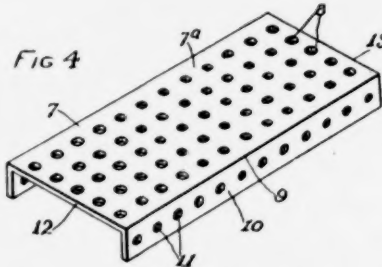


FIG. 9.

FIG. 2.

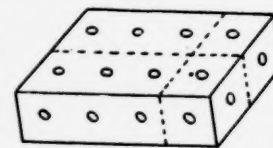
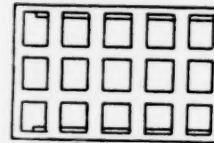
FIG. 5.

FIG. 1.

NENTWIG 1902 PATENT
FIG. 19.

FIG. 21

BURTON 1898 PATENT
FIG. 1



WHEELS

HORNBY 1906 PATENT
FIG. 3.

FAIRBANKS 1875 PATENT
FIG. 2.

MECCANO WHEELS
SHOWN IN EXHIBIT SET.

KILBOURN 1903 PATENT
FIG. 15.

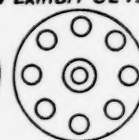
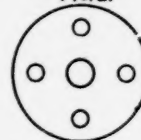
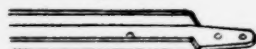


FIG. 5.

FIG. 1.

ter"

FIG. 3.



BRACKETS

JENSS' 1895 PATENT
FIG. 1.

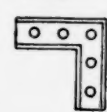
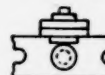
HORNBY 1906 PATENT
FIG. 1

FIG. 2.

HORNBY PATENT IN SUIT
FIG. 5

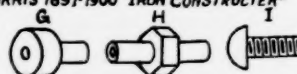
FIG. 6

WÄLTER 1904 GERMAN PATENT
FIG. 2.

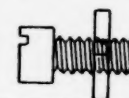


MANUFACTURED BY VON LEISTNER PATENT
HARRIS 1897-1900 "IRON CONSTRUCTOR"
FIG. 1 & 2.

VON LEISTNER 1895 PATENT FASTENING SCREWS
MANUFACTURED BY HARRIS 1897-1900 "IRON CONSTRUCTOR"



MECCANO FASTENER





Yet, in spite of all this, and in spite of the Meccano or Hornby patent of 1913 (in suit) being now null and void, Petitioner is endeavoring to set up a claim of exclusive proprietary ownership or unlimited monopoly in these old functional mechanical devices, after its unsuccessful effort to do so in the Second Circuit.

To what lengths are we coming in mad endeavors to secure trade monopolies?

There is nothing in our constitutional provisions regarding inventions and short limited patent monopolies; nothing in our statute law; nothing in our public policy of trade encouragement; and nothing in the decisions of this High Court to justify or support such a claim—yet this plaintiff corporation (it is an English Company, Ltd.) is insisting vehemently that it be judiciously rewarded an endless monopoly of this kind.

The Court of Appeals for the Second Circuit saw this, and held against it, resting its conclusion on *Singer v. June*, by this Court.

It was right!

X.

Prior Art Patents Individually.

For the convenience of the Court we shall now offer a brief summary of the several prior patents individually.

1. Lilienthal 1878 Patent.

It presents a System or standardization of groups of strips of one length, with three holes; groups of strips of another length, with five holes; groups of strips of another length, with eleven holes. The speci-

fication says that these materials "can be used in building up models of various descriptions, also in furnishing instructive playthings"; and that "the material for the construction of these models consists of strips. * * all of various lengths and perforated systematically at regular intervals." Metal plates are also shown and described, with perforations; see Figs. 3, 4, 6 and 25. The claim includes this statement: "The building of various models from strips of various lengths which contain many perforations at regular or equi-distant intervals. * * "

This leaves nothing of novelty in the Hornby patent in suit or the alleged Hornby System. If it be urged that the Hornby flanged plate rises to the dignity of invention over the flat perforated plate of Lilienthal, the answer is that a flanged plate, perforated in the body, was published in Plaintiff's Exhibit 41 more than two years before the Hornby application.

2. Quackenbush 1877 Patent.

This discloses the same System of perforated strips and perforated plates to make varieties of models, with wheels to combine with the strips and plates. The plates are perforated in the body and in the edges, as in the case of the flanged plate. The specification says:

"The perforations are regularly and uniformly arranged in the several parts to correspond, and insure a perfect register when the same are assembled."

Here the standardization of the parts by making the perforations in one to correspond with those in the other parts, to insure perfect register, is emphatically stated.

The perforations in Quackenbush's plates, in the body and in the edges, perform exactly the same office as the perforations in the body and in the flanges in the patent in suit, to-wit, the office of receiving the fastening devices. There is nothing in the Hornby patent of substantial or actual novelty over the Quackenbush.

In view of these structures and this System of standardization of perforations in each part to match with those in each other part, it is clear that the patent in suit presents no substantial or patentable novelty. Quackenbush even goes much further—shows more and teaches and specifically describes the alleged Hornby system of standardization of the perforations in the respective parts.

3. Burton 1898 Patent.

Here are the System and the perforated parts, some being in the nature of plates, as in Figs. 1, 2, 8 and 9. The perforations are equi-distant. In Fig. 1, for instance, they measure half an inch apart, center to center, while the specification says they are "at intervals of $\frac{7}{8}$ of an inch in rows." (Top p. 2, Col. 1, Burton specification.)

And Burton also shows and describes "wedge-shaped blocks V." (Figs. 5 and 6, and lines 125 *et seq.* p. 2 spec.) These blocks or parts are, therefore, "sectors," or sector plates, in substance and effect. There could not, in view of this, be anything patentable in making some of Hornby's plates of sector form.

4. Walters 1882 Patent.

Here again is the same System: flat metal plates which are provided with hooks and eyes, so as to be

secured together, are used. Different objects are formed by these plates. They have small flanges or "perforated ears or projections," such as D and G. So this system is carried out by means of metal plates, which, in substance, are flanged, with perforations in the flanges, while the body of the plates has openings to represent "windows, doors or other parts of a house." This was a pretty broad teaching of the use of metallic plates. The opinion does not consider this patent.

5. Fairbanks 1873 Patent.

This is another illustration of the same system, perforated strips and perforated wheels being used. The specification says:

"It is important that the holes B or tenons A be evenly spaced on the straight blocks so that when short blocks are interposed between a pair of long ones they will match accurately. The holes in the wheels or rollers A-1 A-2 should also be carefully spaced, so that they will match accurately in any position."

Here again is the old feature of standardization of parts and "evenly spaced" holes in a device comprising perforated strips and perforated wheels for making a variety of models.

6. Nentwig 1902 Patent. (Application filed September, 1901.)

In this the System is carried out by means of large perforated plates and small hook plates. The roof, for instance, of the model of a house is framed with the large perforated plates, and then the small plates with hooks are applied thereto to form the finished

roof. Thus the models are partly made up of perforated plates, to which are connected other and smaller plates. This patent was not treated in the opinion.

7. Kilbourn 1903 Patent.

In this patent the System is carried out by the use of a perforated base plate, the holes being equi-distant and uniform in size, together with strips adapted to be inserted in the perforations, and themselves having holes to receive other parts; and wheels on axles carried in perforated frames are also shown.

8. Wing 1909 Patent.

Here the System is carried out by means of long narrow perforated strips, with fastening devices to connect the strips together, a Ferris wheel, so composed in miniature, being shown in Fig. 1 of the patent. The specification says:

"My invention relates to improvements in toys and more particularly to one consisting of a number of metal parts which may be connected together in different ways to produce toy bridges, Ferris wheels, towers, tank platforms, elevators, frame work for buildings and various other mechanical, architectural, and engineering structures."

9. Jenss 1895 Patent.

Here again we have the System of toy building from perforated strips, the strips being of different lengths, some of the lengths comprising more than one strip, together with right-angle pieces and fastening devices; a bridge being illustrated in the patent, the specification saying:

"The object of this invention is to supply an easy and simple method of making frame models of buildings or structures of various kinds on a small scale. * * *

"It consists of simple strips or angle pieces of metal or whalebone or any suitable material, with holes formed preferably near the end, and connected at right angles or otherwise to each other by means of tiny screws and nuts."

10. Leistner 1895 Patent.

Here again this System of toy building is fully disclosed and carried out by the use of long, narrow perforated strips and fastening devices. Each strip bears a definite relation to the other strips in the sense that all the strips are of proper length and perforated to be combined in forming different models. The specification is very long and instructive. Among other things it says:

"It is the special object of this invention to furnish members of a set which bear to each other certain geometrical and mathematical proportions, so that, practically speaking, an unlimited number of constructions can be made with a very small number of members of our improved set."

This Leistner toy was the subject of manufacture at Toledo in 1897 and thereafter.*

System of Furnishing Subsequent Sets and Parts to Enlarge Original Sets Sold.

This System also was commonly in use in the toy

*Note: This fact was before the Court of Appeals of the Second Circuit by reason of the record in the Ohio case being before that Court. And all this is now in effect before this Court under the stipulation concluding at page 127, this record. The Ohio record was in evidence as an exhibit in the Courts below—District and Second C. C. A.,—and in this way is, in effect, before this Court.

trade long before Petitioner entered the business. See Calderhead's testimony about Richter's 1887 supplementary system then on the market (Ohio Rec. 60). And this supplementary system was also in commercial use in marketing the Leistner or "Iron Constructor" toys by Harris at Toledo in 1897 and following. In marketing the "Iron Constructor" Harris advertised that "Additional pieces for enabling the builder to get a greater variety of structures may be obtained at reasonable prices where you bought your box." (Ohio Rec. 49, Vol. 2.)

Manuals Accompanying Sets.

Richter (whose toys and manuals were on sale in New York City as early as 1887—Ohio Rec. 250, 447) and Harris also practiced enclosing with original outfits manuals and sheets illustrating models beyond the capacity of such original outfits, thereby suggesting to the user the purchase of more parts or a supplementary set—thus making the manuals operate to effect new sales, a project later employed by this Petitioner.

Wagner 1915 Patent. (Application Filed March 27 1912.)

This patent is inserted in this record (page unnumbered), about midway the collection of prior art patents. The features covered by it are a new type of wheel illustrated in Fig. 5, and a new means of causing an electric motor, 28, to impart rotary motion to the ground wheels in first one direction and then the other, to cause the toy to run back and forth, which novel features were included in the American Model Builder toys, manufactured in Ohio and bought by

DRESS OF RESPONDENT'S AND PETITIONER'S OUTFITS

Respondent. These patented features were used with the old perforated strips and plates.

Result.

The result of the foregoing considerations is that in addition to this System and means of building up toy models being now public property by reason of the invalidity of Petitioner's Hornby patent, such System and mechanical features are shown to be older than Petitioner's adoption of them and to belong to the public stock of things; and yet these are the things Petitioner is seeking to monopolize under the guise of maintaining a case of unfair competition against Respondent because of its sales of toys embodying this old System of mechanical features; and this, notwithstanding Respondent's dealings in them have been carried on under a name wholly unlike Petitioner's name, in packages or boxes bearing labels wholly unlike Petitioner's; and with catalogs having covers and labels also obviously different in appearance from those of Petitioner, **as specifically held** by the Court of Appeals for the Second Circuit. (Rec. 150.)

XI.**"Dress" of Respondent's and Petitioner's Outfits.**

As to these matters the Court of Appeals for the Second Circuit made the finding that Respondent's—

"names and * packages * do not simulate the complainant's. * * The name of the complainant's is 'Meccano' and those sold by the defendant 'American Model Builder.' They are advertised as made by the American Mechanical

DRESS OF RESPONDENT'S AND PETITIONER'S OUTFITS

Toy Company and sold in dissimilar packages." As to these matters also, and particularly as to the manuals, Judge A. N. Hand said:

"I do not think the books containing the plates, or the covers or other ornamentations of the catalogs of the defendant, are sufficiently similar to those of complainant to mislead the public."

But he did think the "plates" within the catalogs would mislead. In this latter he overlooked the important fact that the perspectives of Respondent's "plates" were different from Petitioner's and were half-tones—a photographic process—while Petitioner's are all wood-cuts.

Manuals.

Petitioner's 1911 manual cover was nearly white, with two boys in light yellow clothes lying down, with a green windmill between them, and the word "Meccano" below in large green letters. Respondent's 1912 manual (its first year) cover was essentially gray and black, with a man and a boy in gray and black clothes, and the name "American Model Builder" in light brown.

Petitioner's manual covers for 1912 and 1913 were essentially the same as those of 1911.

Respondent's 1913 manual cover was pale green, with a red monogram "A. M. B." in one corner and the name "American Model Builder" in red letters on the green back, with a man and a boy in light colored clothes and a picture of a building made of strips.

Thus the manuals were wholly unlike in appearance. See also the backs of Respondent's 1912 and 1913 manuals, the one gray and the other green, with a monogram and black eagle, while the backs of Peti-

tioner's manuals for 1911 and 1912 and 1913 were plain white.

Names Widely Different.

Petitioner's toys have always been called "Meccano" and Respondent's "American Model Builder," between which there is no similarity, visual or phonetic.

But the Courts in Ohio seem to have given no weight to these considerations, though primary and controlling.

Labels.

We have said they were different. Meccano's 1911 box label was yellow, with "Meccano" in large **red** letters and the bust of a boy in a **red** shirt, with a river and a bridge spanning it.

Respondent's 1912 box label was cream colored, with a border in red lines, the label representing the inside of a room, with a man in dark clothes seated on a chair, and a boy kneeling on the floor, with dark trousers and light shirt, with a cut of a Ferris wheel in black and white, and the words "American Model Builder" in red and black across the top. These were prominent features.

Nobody could mistake one of these labels for the other, and so could not mistake the goods.

Petitioner's 1912 label was light yellow, with a border of heavy green lines, the center representing an ocean scene, with factories in the background, the water scene and factories being dark green, with a part of the upper figure of a boy seated at a table, with a small model on the table. The name "Meccano" at the top of the label was in large red letters. In the

DRESS OF RESPONDENT'S AND PETITIONER'S OUTFITS

body of the label was shaded in, in light brown, cuts of various models, such as a large bridge, a wheelbarrow, windmill, derrick, etc.

This, too, was unlike Respondent's 1912 label just described.

Respondent's 1913 label had a light green background, with a buff strip across the bottom, a red monogram, "A. M. B.," in one corner and the name "American Model Builder" in red across the pale green background, with a man and boy in light colored clothes, and a central figure of a large building made of strips, on a buff base, and a shield in red with "4" in white.

This will be enough to show that the names and labels are distinctly unlike.

Contents of the Boxes.

The features of similar appearance are the **functional features** of the prior art, to-wit, perforated strips and perforated plates. Petitioner originally used **black** plates, but later adopted Respondent's **nickel-plate** in silver-like appearance of the toys sold by Respondent. (Ohio Rec. 449.)

Respondent's wheels, pulleys and crown gears are nickel, while Petitioner's are brass. Petitioner originally used the grooved axles, and clips to secure the wheels on the axles, but later appropriated Respondent's type of wheel, collar and set-screw. (Ohio Rec. 441, 433.)

XII.

Alleged Acts of Unfair Competition.

The Court should first understand that there are some twelve separate makes of these constructional toys on the market, as "Anchor Blocks," "Model Crane," "Erector," "Master Builder," "The Young Mechanic," "Struktiron," "Bings," "Modelit," "Matador," "Walthers," and "Erector Builder." (Ohio Rec. 443-6, 448.) Some department stores and retail toy dealers purchase one line, and some two or more lines. The retailers' custom is to display American Model Builder, Meccano and these various other makes, whether all or one line is carried, in their boxes, spread out on the counters "for the choice of the retail buyers." The labels show in plain view when the boxes are closed, and the catalogs lying on the contents likewise show when the boxes are displayed open, or are opened by a purchaser as he inspects before buying. And the labels on the inside of the cover are also in plain view when the tops are thrown back. Such is the general practice of the retailers. See the testimony of Petitioner's witness Calderhead. (Ohio Rec. 54 and bottom p. 60 *et seq.*) And during holiday seasons, when these and other toys are "demonstrated" (exhibited) the clerks use the NAME of the particular make in dealing with customers. When two lines are demonstrated in the same retail store, they are placed in different aisles, sometimes on the same floor, and separate clerks cry each line.

Under all these trade conditions there could not be, and has not been, any palming off by this Respondent of their toys as those of the Petitioner.

Finding of 2nd C. C. A. On Palming Off.

That Court said:

"When it comes to the charge of actually palming off, the evidence is insufficient to justify a preliminary injunction. The defendant has of course the right to sell as much as it can of the outfit which gives it the greatest profit and to press that outfit upon its customers as against the other. The testimony of Paterson, one of the defendant's employees in Philadelphia, on which the complainant relies, goes no further than this. As to the Koenig sale in Philadelphia in 1912 and the Scott and Lewis incident in New York in 1916, it is to be observed that in each case the purchaser asked for the American Builder models and got them. In the former case it is said the sales girl described the American Builder as the new Meccano to Koenig and in the latter the sales girl by perhaps an error in the sales slip described it as Meccano. The American Model was not palmed off on the purchaser as the Meccano in either case." (Rec. 150; 250 F. 452)

Evidence on This Question.

No customer of the Wanamaker store has given any affidavit or other evidence of ever having been deceived. The proof on this issue on Petitioner's side cannot commend itself to the Court. It did not to the Court of Appeals, as just seen. It consists of affidavits by counsel for Petitioner, and an affidavit by one Koenig, a detective, concerning an alleged transaction at the Wanamaker store in 1912, a stale matter.

Mr. Scott (Rec. 61-3) and Mr. Lewis both counsel-witnesses for Petitioner, (Rec. 100-1) say that in November, 1916, they visited the Wanamaker store

and purchased from a salesgirl an American Model Builder outfit. They then went to the counter containing "separate parts" of that make of toys and were asked by a sales-girl if they would like to "buy some American Model Builder parts," to which they assented, selecting two American Model Builder sector plates (one of the two forms of perforated plates). The girl, they say, made out a sales-slip, marking it with "2 Meccano parts."

On this slender incident they proclaim wilful unfair competition by the reputable Wanamaker.

Contrary Proof.

They were careful not to ascertain or state the name of the salesgirl, so that the girl's side of the story might be told. In that situation we have had to make the next best proof of which the incident was capable. We took the affidavit of Miss Emilie Kahrs, who says she was 18 years of age and on or about the 24th day of November, 1916, was employed by John Wanamaker as saleslady in its toy section; that her sales number was 1579 W W; that on that day, while engaged in her customary duties, she was requested by a fellow-saleslady to make out a sales-slip of **what she understood** to be two Meccano parts; that accordingly she made out such a sales-slip "No. 11377-29-WW"; that she did not, however, personally wait on the customer who made this purchase of what "she understood to be two Meccano parts," and that in making out said sales-slip she did not know of her own knowledge whether two Meccano parts were sold, or whether the parts in question belonged to an American Model Builder or to one of the other toys having such parts. (Rec. 90.)

This lady clerk's number 1579 WW and the sales-slip No. 11377-29-WW correspond exactly with the data on the sales-slip Petitioner's counsel took with the purchase.

Is this a creditable transaction upon which to charge John Wanamaker with palming off goods? And is it commendable or permissible professional ethics?

The further evidence on behalf of John Wanamaker is the affidavit of Mr. Marston, connected with the toy department for sixteen years as Assistant Buyer and Department Head, and also the affidavit of Mr. Botthoff, Assistant Buyer in Wanamaker's toy department for three years and before that Head Stockman for seventeen years. (Rec. 88, 89.)

Mr. Marston testifies that at no time during the period that he had been head of the toy department have salesmen or salesladies, to his knowledge, ever offered to customers American Model Builder parts for Meccano parts or vice versa; that it is contrary to the expressed instructions given every sales person in his department, and, in fact, throughout the Wanamaker store, not to misrepresent any goods or to offer to sell to a customer any one brand when they have requested some other brand of another manufacture.

Mr. Botthoff testified that as Assistant Head of the toy section he had personal charge of the sales people; that at no time had he, or any one else in authority, given instructions to sales people to mislead by claiming that the American Model Builder and Meccano were the same; that on the contrary all sales people in his department have explicit instructions that at no time should the public be offered a different toy

from that requested on the theory that one is the same as the other.

And further, that as the sales people in his department are at no time familiar with the cost of the toys to John Wanamaker, it is impossible that any sales person could assure a customer that the reason John Wanamaker was handling the American Model Builder in greater volume than Meccano was that better terms were quoted John Wanamaker on the former.

Koenig (Rec. 53). Petitioner's Remaining Witness, a Detective, Makes Affidavit of an Incident Four Years Before This Suit was Brought.

This is a pretense that in selling an American Model Builder outfit, a salesgirl at Wanamaker's, New York, put in the package a sales-slip bearing:

"1 Set Meccano	\$4.00
1 Book .....	.15
	<hr/> \$4.15"

The matter, if true, is stale, having taken place in November, 1912, while the bill herein was not filed till December, 1916. (Rec. 14.) It rests on the unsupported statement of one Koenig, a procured witness or detective. He contradicts himself. In his deposition in the Ohio case he said he did not know who wrote this on the slip, but that it was given to him by the salesgirl at Wanamaker's. (Ohio Rec. 144-5.)

In his affidavit on the injunction motion in this case he produced this slip and said "the salesgirl wrote" this matter on the slip. (Rec. 56.)

On cross-examination, he admitted he first noticed

the word Meccano on the sales-slip **after** he arrived at his office and opened the package (Ohio Rec. 147), thus again contradicting his affidavit.

On cross-examination he declined to answer questions as to the bona-fide character of the name under which he conducted business. Admitted Mr. Scott, of counsel for Petitioner, sent him on this errand, and that he was "told * to procure the information and outfits desired" (Ohio Rec. 146); and that with all this in mind, he talked to the salesgirl about "both makes" (Ohio Rec. 147); and that Petitioner's counsel paid him for the set he purchased and for his services. (Ohio Rec. 148.)

Koenig Letter to Wanamaker.

The purchase took place November 22, 1912. The next day Koenig wrote Wanamaker Company, saying: "A short time ago I purchased a No. 3 American Model Builder outfit, and now wish to purchase an accessory outfit."

To speak of the day before as a "short time ago" was disingenuous and purposely misleading. Koenig further says:

"Also let me know if you carry the American Model Builder or Meccano Accessory outfits or will you be obliged to order the same from the factory in Dayton, Ohio."

Here was a trick intended to mislead Wanamaker. Notice how Koenig spoke of the American and Meccano with the disjunctive *or*, as though one was the same as the other, and particularly how he asked if Wanamaker would be obliged to order the "same" from the factory in Dayton, pretending that he thought Meccano would come from Dayton. Here

was a deliberate attempt to confuse and make evidence.

But the Wanamaker people were not to be misled. Their reply quotes the price of Meccano accessory outfits, and then quotes the price of American accessory outfits. The Wanamaker writer even called the Meccano 1-A, 2-A, etc., and the American 1½, 2½, etc. (See letters, Rec. 57.)

The above is enough to condemn this witness, and any one who may stand sponsor for him.

Schmitt (Rec. 83).

After representing Meccano with headquarters in Berlin, Schmitt came to this country to be a traveling salesman for Meccano. He says on October 31, 1913, (observe the staleness of the date) he called at the Wanamaker store in Philadelphia and was told by an unnamed buyer that they had a small stock of Meccano, but were pushing American Model Builder, as it made them more money; and that it was "the same thing"; that he, this buyer, always tried to sell American Model Builder instead of Meccano to customers who asked for Meccano and that in that way the buyer was selling ten American Model Builders against one Meccano and that if Schmitt would give him a better price on Meccano he would push it.

This story, even if accepted as against the practice and policy of John Wanamaker, as stated in the affidavits referred to above, does not make a case of unfair competition. If Wanamaker preferred to urge American Model Builder to a customer who asked for Meccano, the customer clearly was not deceived because in that way he had his attention called to both makes and could take his choice.

Patterson (Rec. 79).

He gave a deposition in the Ohio case and Petitioner offered it on this motion, but why is not quite clear. Mr. Patterson was in the Wanamaker Philadelphia store supervising toy sales. **He said that customers asking for Meccano got Meccano;** (and the Court of Appeals so held); that they carried different kinds of constructional toys; that they showed them all, and where a customer insisted on Meccano he got Meccano; that the customers always knew what they were getting before they purchased; **that John Wanamaker did not sell American Model Builder to persons desiring Meccano;** that the clerks explained the differences between the different toys; **that as between American Model Builder and Meccano, the former has a coarser mesh in the gear wheels than the latter; that in one some parts are gilded, while in the other some are nickel finish;** that the Model Builder has an eccentric drive wheel and oscillating rack, which the others do not have, and that the separate parts of the Model Builder are a little cheaper, while the pinions in the Meccano are cheaper than the pinions in the American Model Builder, and that to his knowledge customers coming into John Wanamaker's store have not been deceived as to Meccano and American Model Builder, nor been told that the two makes were the same.

We submit that Petitioner has not established a case of palming off, nor shown that John Wanamaker has been guilty of any act of unfair trading, and that what little *ex parte* showing they have adduced is sharply rebutted by defendant's affiants.

The other alleged incidents of unfair trading, such as the correspondence between the Ohio manufac-

turer and Cook and Burton, the Spitz, Read and Curtis Publishing Co. incidents, besides being stale matters that occurred, if at all, in 1912, **are matters with which this Respondent had no concern and of which he had no knowledge.** They certainly do not bind Respondent or can have any influence upon this Court as against the interest of this Respondent. This closes the matter of alleged unfair competition.

We submit, first, that the patent having been declared void, the Singer case now applies and controls; and second, that the "dress" of Respondent's toys, being unlike the "dress" of Petitioner's toys, no case of unfair competition or palming off has been made.

XIII.

Copyright.

On this subject also the two Courts of Appeals are in conflict.

On this subject the Court of Appeals for the Second Circuit said:

"So in the nature of things the constructing elements and the things constructed being the same, the plates illustrating them and the instructions contained in the manuals furnished with the two outfits must be more or less alike. All that should be required of other makers is to do independent work." (Rec. 150.)

And this is exactly what is shown by seven witnesses, six of whom were wholly disinterested parties, who testified as to the making of the manuals sold by Respondent. They were the printers, photographers, designers and stenographers, none of whom

have been contradicted by a single witness for Petitioner in this or in the Ohio suit.

On this the Court of Appeals for the Second Circuit refused to enjoin Respondent.

The Circuit Court of Appeals for the Sixth Circuit, itself, made no finding on this subject. It simply adopted that of the District Court, which in turn confined itself to a very narrow and restricted statement of copyright infringement, saying that the labors of the makers of the manuals Respondent has sold were "expended largely in paraphrasing the language of **some** (black face ours) of complainant's statements and descriptions in its manuals so as to describe the same thing in somewhat different language." (Middle page 17 Rec.)

This was a very narrow finding, yet on it the whole book was enjoined. **Only** "some" of the statements and descriptions were held to have been paraphrased; and this was **limited** to the description of "the same thing"—meaning the perforated strips, etc.—**all old things which must be described in the language common to mechanical devices of their kind.** Nor was the alleged paraphrasing language, or any part of it, pointed out, so that one can determine, wholly or in part, what the District Court deemed to be the objectionable matter. Clearly a *nisi prius* Court in making a finding of alleged fact of this nature should give something more than a generalization, **unhelpful to the parties and unhelpful to the Appellate Court.** And should also confine its decree to the limits of its finding, and not make a narrow undefined finding as to special parts of a book, and then enter a decree enjoining the whole book.

Courts in Ohio Gave No Weight to Undisputed Testimony of Photographers, Printers, Etc.

Again, the Courts in Ohio gave no weight to the undisputed evidence of the photographers, as to making the photographs for the catalog illustrations from views selected by them from models set up specially for the purpose, and not from Petitioner's illustrations, which they had never seen; and no weight to the testimony of the printers, who set up the printed matter according to their own ideas as catalog printers, without knowing anything of Petitioner's manuals; and no weight to that of the stenographers who took Mr. Wagner's dictation of his descriptions, prices, tables of parts, etc., with the models he was describing set up before him, and without the presence of Petitioner's books.

And even without giving due or any weight to this uncontradicted evidence, still the finding was limited to "paraphrasing"—not copying—"some" of the "descriptions" of the "same thing"—but how many, or which descriptions, and what "same things," and from **which** of the copyrighted books, Exhibit 42, or 42a, or 38, or 38a, does not appear in the finding. Nor does it appear what "material and substantial" copyrighted matter will be found in Petitioner's manual, etc., "either paraphrased or in the same words."

And it was as against this ruling of the District Court in Ohio that the Court of Appeals for the Second Circuit reached the contrary conclusion—that there was no copyright infringement, and therefore reversed the injunctive order.

Defendant's 1912 Manual Only Involved in Copyright Infringement Charge in Ohio Case.

In the Ohio case Petitioner based its claim of copyright infringement upon the 1912, and not upon the 1913, manual of Respondent. See the decree in the Ohio case. (Rec. 140.)

This 1912 manual has not been used by this Respondent since early in 1913, when the new manuals for 1913 were published. (Wagner, p. 426 Ohio Rec.) The claim is stale. Petitioner itself discarded these copyrighted 1911 books when its new ones came out for 1912. There is no current injury—only an effort to recover statutory penalties. In this New York case the bill, Sec. XI., does not confine the charge of infringement to the 1912 manuals, but the Court below, probably not noticing the matter, allowed the injunction to extend beyond the 1912 manuals (Rec. 117-18), though the Court intended to follow the District Court in Ohio.

In this Wanamaker case Petitioner has produced in this Court only Respondent's 1912 manual.

Two decisive situations, each we deem sufficient to decide the copyright claims entirely against Petitioner, are conclusively proved by Respondent:

First: That there was no infringement, as Respondent's manuals were created as the result of original and independent labor, thought and skill on the part of Mr. Wagner; were not copied from the manuals of any one else in any particular; and no use in any way was made of any one's manual when the manuals of Respondent were produced.

Second: The alleged copyrights are void:

(a) Because the statute was violated by a prohibited importation of large numbers of these copy-

righted manuals, (Exhibits 38 and 42), which were printed in England and bore the United States copyright notice on their face. These were shipped into the United States and sold during 1911 and 1912.

(b) Because Petitioner had already dedicated to the public the material and substantial parts of these publications by distributing to the public generally in the United States prior to the copyrights on No. 38 and 42, a manual known as Petitioner's Exhibit 40. The material dedicated by the prior publication of Exhibit 40 appears in the comparison under the heading "Comparison of Manuals," elsewhere in this brief.

What is Test of Infringement Under Copyright Law?

The copyright law differs from the patent law fundamentally at this point: the copyright law will give protection by virtue of its grants to two persons for the same thing, provided each has arrived at his result without improperly employing the work of the other to produce his own.

The manuals sold by Respondent in this case have been conclusively proved to have been the product of the independent and original work of Mr. Wagner and his associates in his business and the photographers, printers, etc. Respondent's manuals have also been duly copyrighted. No use of any other manual or production of similar kind of any one was made by Mr. Wagner or his associates.

As stated, the Ohio defendant Wagner, and six corroborating witnesses, testified as to the original and independent methods of production of the manuals of the American Model Builder.

On the proof herein of the independent work done by the publisher in Ohio of the manuals this Respond-

ent used in selling the toys it would seem impossible to find infringement. It is urged that the cuts have in some instances a similar general appearance to Petitioner's cuts. But this is of no consequence, where the cuts have been independently made, and where both sets of cuts merely portray common objects built-up of common materials.

Not a scintilla of evidence has been adduced in this case to show that, in making the manuals Respondent sold, the author copied or made use of the manuals of Petitioner.

To the contrary, it is shown most completely that Respondent's manuals were independent works.

There is not a line or word of contradiction or rebuttal of a single statement of Mr. Wagner and the six witnesses who testified as to their part in producing the manuals of Respondent's, and who corroborated Mr. Wagner. The testimony of these seven persons stands unchallenged.

In *Davies v. Bowes*, 209 F. 53, Judge Hough forcibly and clearly states what is infringing a copyright on a book. He says:

"In order to obtain relief for alleged infringement of a copyrighted publication, the **burden is on complainant** to show that the copyright exists and that **copying has taken place.**" (Black face ours.)

A Detail Statement of How Respondent's 1912 Manuals Were Produced.

The clear and brief statement of Mr. Wagner in his testimony sets forth the nature of the original work of himself and his associates in producing these 1912 manuals. He says:

"The 1912 manual was made—in producing the 1912 manual we first made the models of the various articles we wished to show and these were built up from our own material. These models were then photographed by the U. B. Publishing Company of Dayton, Ohio. From these photographs half-tones were made and from these half-tones the printing was done. The parts required for the various models, as well as a description of the various models, was dictated by myself to my stenographer and forwarded to the printer." (Ohio Rec. 424.)

Ideas of Models Derived from Common Objects, Sketches, Photographs, Etc.

Miss Smith, stenographer of Mr. Wagner, testified that, in getting up the various models which were to appear illustrated in his 1912 manuals, he derived his ideas for these models from various sources, such as catalogs of machinery, illustrations of various kinds of mechanism, photographs and postal cards illustrating well-known structures in this country and abroad, and similar illustrations. (Smith Qs. 19-24, Ohio Rec. 339.)

Built-up Models: Dictated Description and Lists of Parts.

In getting up his description of the models he had built up from various parts he had manufactured from his designs, Mr. Wagner dictated these descriptions and these lists of parts to Miss Smith, his stenographer at that time. Miss Smith testified that Mr. Wagner had the models before him and dictated descriptions of them. (Smith Q. 17, p. 339, Ohio Rec.) Both Miss Smith and Mr. Wagner counted the parts in the models, and Miss Smith recounted them at

times to verify the count, in order that the number of parts should be detailed in the 1912 manual. (Ib. Q. 28, XQ. 34, p. 339, 341.) No Meccano manual, or manual of any one was used in any way, but the description and the listing of the parts was entirely independent labor and the result of the work of Mr. Wagner and Miss Smith, in working from the original models themselves, which Mr. Wagner had built up from ideas derived from the sources detailed above. (Ib. Q. 25, 26, p. 339; XQ. 38, p. 340.) Miss Smith also testified that there was practically no revision of the dictation by Mr. Wagner (Ib. XQ. 43, p. 341); the work was, therefore, done in her presence, with only the models before Mr. Wagner and herself and was not changed afterward—a clear and distinct piece of evidence, un rebutted, of the nature of the independent work done by Mr. Wagner in getting up these manuals.

Mr. Wagner, himself, states his method: "I dictated from the original model itself and the number of parts were dictated from the count of the parts in the particular model." (A. 108, Ohio Rec. 425.)

Models Taken to U. B. Publishing House; Photographer Matthews Determined Sizes and Point of View of Photographs.

J. J. Matthews, head of the Photographing Department of the U. B. Publishing House, Dayton, Ohio, testified that Mr. Wagner brought to him the built-up models he wished photographed, and also built up other models after those first models had been photographed. (Matthews Q. 14 and 16, Ib. 331.)

Matthews says the point of view and the size of the photograph were determined by himself. (Matthews

Q. 22, Ib. 331; XQ. 60, Ib. 334.) The matter was left to his judgment because of his experience and skill in commercial photography, after Mr. Wagner had suggested what he wanted done. (Ib. 331.)

Mr. Wagner explains the method employed in photographing these models:

"The selection of angles of the photographs was left entirely to the photographer, as we explained to him at the start that we wanted all detail possible shown up plainly in the view and the angle was taken with this object in view." (Ohio Rec. 425, Q. 106.)

Engravings Made and Half-Tones Produced by U. B. Publishing House.

Stockum testified as to his part as head of the engraving department of that house, in the preparation of the half-tone illustrations, which appear in the 1912 manual. He identified the 1912 manual, as also had Miss Smith and Matthews, as well as Langefeld, and stated that he had had charge of the work in producing the illustrations. The photographs were delivered to Stockum from their Photographing Department. From the negatives prints were taken and a "dummy" made. This "dummy" was a series of sheets containing the prints and the accompanying text matter which Mr. Wagner had gotten up with Miss Smith; the material contained in this "dummy" was to make up the proposed manual. (Stockum, Ib. 320-2; Wagner, p. 425, Ib.)

Printer Langefeld Determined Size of Sheets and Arrangement of Subject-Matter; Use of Dummy.

Langefeld, who had charge of the Printing Department of the U. B. Publishing House, testified that this "dummy" was delivered to him and he arranged the text matter and accompanying prints or illustrations in the most economical and best way for the display of the contents, with a view to size of paper best adapted to that kind of work. (Ib. 327-8.) He determined the arrangement of the contents and size of the sheets which would compose the manual. He also determined the number of pages in view of his knowledge of how the contents should be arranged and how the sheets of paper to be used could be cut into pages with the least waste of material. (Ib. 328.)

Mr. Wagner sums up the part the U. B. Publishing House took in producing these 1912 manuals; he says: "In the first place the cover was made from a drawing produced by an artist employed by the U. B. Publishing Company at Dayton, Ohio. The photographing of the models was performed by J. J. Matthews, who had charge of the Photographing Department of that establishment. The half-tones were made under the supervision of Mr. Stockum. The type was set and the printing performed by Mr. Langefeld, who was connected with the U. B. Publishing Company." (A. 103, Ib. 425.)

Cover Design Created by U. B. Artist.

As Mr. Wagner testified, the artist of the U. B. Publishing House designed the cover. Langefeld, head of the Printing Department, testified that Ted Schrock, their artist in the Engraving Department,

created the cover design which appeared on the 1912 manual.

No Other Manual of Anyone and None of Meccano Used in Production of American Model Builder Manuals Sold By Respondent.

The witnesses all testified that they had not seen any of the Meccano manuals, and that none were used in any way, shape or form, in the production of the 1912 American Model Builder manuals. Meccano was a totally unheard-of quantity in every way.

Stockum said he never saw any Meccano manual, and that no use was made of the Meccano manual. (Ohio Rec. 321.) Langefeld says he had never seen any publication of any kind like this, and none of Meccano. (Ib. 328.) Matthews was asked whether he used any of these publications or catalogs of Meccano in his work of photographing, or whether he had ever seen them, and answered in the negative. (Ib. 331.)

Miss Smith, the stenographer, who took Mr. Wagner's dictation of the lists of parts and descriptions of the models, testified that, during the time she was employed during 1912, she had not seen any publication of Meccano and had not seen any before she was employed there; she said: "I did not know that there was such a company in existence." (Ib. 339.)

Mr. Wagner testified that in preparation for the work, and during the period of the actual work on the 1912 manual, no use was made of the manual of Petitioner. (Ohio Rec. 425, Qs. 110, 111.) He had not seen a Meccano manual illustrating plates, but only one showing strips (Ib. 426, Q. 112); he had seen

nothing like the illustrations in the manuals of Petitioner exemplified by Exhibits 38 and 42.

No more complete and concise story, clearly and accurately stated, could be told than given by these five witnesses, of whom four are wholly disinterested.

The 1912 manuals sold by Respondent, therefore, amply met every test provided by the copyright law and do not in any particular infringe any work, because they are individual, independent and original productions without connection with any other in any particular.

Detail Statement of Method of Production of Respondent's 1913 Manual.

In the production of the 1913 manual, many of the models were built up by Alexander, or under his supervision, from ideas of his own or from those derived from publications or pictures dealing with machinery, and largely from suggestions received from customers who were users of American Model Builders and who had presented illustrations and descriptions of original models made up of American Model Builder parts, in their effort to secure a prize in the original prize contest instituted by Mr. Wagner in order to stimulate the interest of the users of these sets. (Alexander, Ohio Rec. 299, 300.)

Miss DeWitt, a stenographer, who took the dictation from Mr. Wagner for the description and count of parts for the 1913 manual, also testified as to the use of these customers' suggestions, and pointed out a number of models which were derived from that source, as well as identified the suggestions themselves. She also testified as to the originality of Mr. Wagner's work in producing this manual, in arrang-

ing it and in dictating the text-matter, which she wrote out from this dictation. She testified as to his doing this without assistance of any kind while dictating it, save the models or lists of parts which he had made up or had had made up. (Ib. 335-6.)

Mr. Wagner also testified as to these matters. (Ohio Rec. 429 *et seq.*, Qs. 129, 130, 133, 135.)

Wagner Saw Nothing Like Petitioner's Exhibits 38 and 42 Before He Prepared His 1912 Manuals.

The only thing that Mr. Wagner had ever seen and examined carefully had been the earlier manual he purchased in London in 1910, which showed strips only and no plates. This manual was an entirely different thing from Exhibits 38 and 42. (Ohio Rec., XQ. 95, p. 470-1.)

Not only was the work of Mr. Wagner and his associates entirely original and independent on their own part, but there was no possible chance for him to have copied, because he had never seen anything like the things which they claim he copied.

Petitioner's Parallel Columns.

In the lower Court Petitioner placed in parallel columns copies of some of the tables of contents appearing from page to page in Respondent's 1912 manual and Petitioner's Exhibit 38. We presume they will do so again. That was done in an effort to show sameness. But to the contrary this is the result:

(1) That the descriptive matter in Respondent's 1912 manual, read side by side with Petitioner's shows—(a) no copying and (b) no paraphrasing, but only such infrequent similar words here and there (not

phrases or sentences) as belong to the common mechanical devices under description.

(2) That the "Figs." as "Fig. 1," "Fig. 2," "Fig. 3," and on up, in Respondent's manual never correspond with the Figs. in Petitioner's manual for designating the different models.

(3) That the particular illustrations of the same or similar mechanical devices are always of a different perspective or point of view in the two books.

They called attention below to certain illustrations for comparison, specializing on—

Respondent's Fig. 45 and Petitioner's Fig. 65,

Respondent's Fig. 48 and Petitioner's Fig. 64.

But look at them.

Respondent's Fig. 45 (p. 28, 1912 manual) is a half-tone picture.

Petitioner's Fig. 65 (p. 25, Petitioner's Exhibit 38) is a wood cut picture—a wholly different process.

The roofs are wholly different; one-half of Respondent's roof is left off and the rear gable shown open, while Petitioner shows a complete roof with a heavy cornice.

Petitioner shows a floor at the base and an open car, while Respondent's have no floor at the base and show a closed car.

Finally, the perspectives of the one and the other are at wholly different angles, the end of the tower in Petitioner's being more fully shown and the side of the tower in Respondent's cut.

Respondent's Fig. 48 (p. 31) is a half-tone, while Petitioner's Fig. 64 is a wood cut.

In Respondent's the engine is approaching the observer, while in Petitioner's the engine is going from him, the position of the bridges being so different.

And the engines are wholly different, Respondent's having driving wheels, connecting rods, truck-wheels and cow-catcher, while Petitioner's has none of these several features, only four supporting wheels.

Tables of Contents.

They have also claimed that the tables enumerating the contents, page 46 Petitioner's Exhibit 38 and p. 56 Respondent's 1912 Manual, were substantially the same as to the specifications of parts for corresponding outfits. That was incorrect. Petitioner's said table is composed of 11 columns and 59 lines, while Respondent's is composed of 13 columns and 55 lines. In Respondent's table new features in the art, as their "collar and set-screw," "oscillating rack" and "eccentric drive-wheel" are enumerated, as also "crown" gears, "machine screws" and "round rubber pulley belt," which do not appear in Petitioner's table; while, as to the strips, angle-brackets, axles and pinions, though the wording is different, these parts belong to the art and are found in it.

Again, from "Respondent's Exhibit, Comparative Tables Nos. 1, 2, 3 and 4," introduced at p. 434 Ohio Rec. with Mr. Wagner's testimony, the fact appears that there are:

"26 models" illustrated in Respondent's 1912 manual not shown in Petitioner's 1911 manual; and

50 models in Respondent's 1913 manual not in Petitioner's 1913 manual.

From this consideration of the plain facts it is manifest that no case of copyright infringement can be laid against this Respondent for selling the manuals.

Petitioner's 1910 Uncopyrighted Manual Substantially Same as 1911 Copyrighted Material.

And back of all this comparison of the manuals of both parties is the other important fact that there is little or nothing in Petitioner's copyrights not published in Petitioner's earlier 1910 uncopyrighted manual (Exhibit 40).

Comparison of Manuals.

In Petitioner's brief in the Ohio suit they attempted a comparison of the 1912 and alleged 1911 copyrighted manuals of the parties. But the comparison suppressed the important fact that the printed matter, names of models, and lists of parts purporting to be covered by the copyrights of 1911, are found in Petitioner's uncopyrighted previous manual of 1910. We reproduce below practically all of the material pretended in the comparison to be new and copyrighted, in our right-hand column, and reproduce the like matter from the uncopyrighted older manual in our left-hand column.

From Meccano Uncopyrighted 1910 Manual, Exhibit No. 40.

"The strips are perforated with holes equi-distant."

"The axles fit any of the holes, and their position in the various designs can al-

From Meccano Copyrighted Manuals, Exhibits 38 and 42, Used in Petitioner's Comparative Table.

"The holes in the strips are equi-distant."

"The axles fit any of the holes and their positions in the various designs may be

**Uncopyrighted 1910 Manual
Continued.**

ways be ascertained by counting the holes."

"A very rigid connection is required, two bolts."

"Each model may, of course, be taken to pieces, and the same parts may be used to make up other models. Additional parts may be purchased at any time from your dealer, or direct from us."

"We are at all times glad to correspond with users of 'Meccano,' and to assist by suggestions or criticism, when difficulties occur with new Models."

"All our Models are built on sound and standard engineering principles, and that the parts employed represent the main mechanical parts used in machinery, such as levers, beams, wheels, axles, pulleys, worm - wheels, screws, bolts, keys, etc., so that as an introduction to the serious study of mechanics, the value of the hobby is very great indeed."

**1911 Copyrighted Manual
Continued.**

ascertained by counting the holes."

"A very rigid connection, two nuts and bolts."

"Each model may be taken in pieces, and the same parts may be used to make up other models. Additional parts can always be purchased from your dealer or from us."

"We are at all times glad to correspond with users of 'Meccano,' and to assist them by suggestions or criticisms when difficulties occur with new models."

"All the models shown are built upon sound and standard engineering principles, and the parts employed represent the main mechanical parts used in machinery, such as levers, beams, wheels, axles, pulleys, worm wheels, screws, bolts, keys, etc., so that as an introduction to the serious study of Mechanics the value of 'Meccano' is very great indeed."

Uncopyrighted 1910 Manual Continued.

1911 Copyrighted Manual Continued.

Fig. 2—"Truck."
 "Parts Required.
 5 5½" Perforated Strips.
 2 2½" Perforated Strips.
 4 Angle Brackets.
 2 5" Rods.
 4 1" Pulley Wheels.
 10 Nuts and Bolts.
 4 Keys."
 (P. 3.)

Fig. 7—"Truck." (P. 8.)
 "Parts Required.
 9 5½" Perforated Strips.
 10 2½" Perforated Strips.
 12 Angle Brackets.
 2 5" Rods.
 4 1" Pulley Wheels.
 26 Nuts and Bolts.
 4 Keys."

Fig. 10—"Luggage Truck."
 (P. 10.)

Fig. 13—"Luggage Barrow."
 (P. 12.)

Fig. 13—"Luggage Barrow."
 (P. 12.)
 "Parts Required.
 6 5½" Perforated Strips.
 13 2½" Perforated Strips.
 8 Angle Brackets.
 1 2" Rod.
 1 Bush Wheel.
 30 Nuts and Bolts.
 2 Keys."

Fig. 10—"Truck."
 "Parts Required.
 2 4½" Rods.
 4 1" Pulley Wheels.
 4 Keys.
 1 Large Rectangular Plate."

Fig. 4—"Truck."
 "Parts Required.
 4 5½" Perforated Strips.
 8 2½" Perforated Strips.
 8 Angle Brackets.
 2 4½" Rods.
 4 1" Pulley Wheels.
 20 Nuts and Bolts.
 4 Keys.
 1 Large Rectangular Plate."

Fig. 8—"Luggage Truck."

Fig. 9—"Luggage Barrow."

Fig. 9—"Luggage Barrow."
 "Parts Required.
 2 5½" Perforated Strips.
 9 2½" Perforated Strips.
 2 Angle Brackets.
 1 2" Rod.
 1 Bush Wheel.
 14 Nuts and Bolts.
 2 Keys.
 1 Sector Plate."

**Uncopyrighted 1910 Manual
Continued.**

**1911 Copyrighted Manual
Continued.**

**"Parts Required in Addition
to Outfit No. 1.**

1 2½" Perforated Strip.

Fig. 11—"Go Chair." (P. 11.)

Fig. 7—"Go Chair."

Fig. 6—"Railway Signal."
(P. 7.)

Fig. 1—"Railway Signal."

Fig. 12—"Step Ladder." (P.
11.)

Fig. 12—"Step Ladder."

Fig. 14—"Revolver Truck."
(P. 13.)

Fig. 3—"Revolver Truck."

Fig. 5 } "Windmill." (Pp. 6,
Fig. 19 } 17.)

Fig. 11—"Windmill."

Fig. 3—"Endless Rope Rail-
way." (P. 4.)

Fig. 11—"Endless Rope Rail-
way."

Fig. 16—"Ladder on
Wheels." (P. 14.)

Fig. 25—"Ladder on
Wheels."

Fig. 4 } "Traveling Jib
Fig. 18 } Crane." (Pp. 5, 15.)

Fig. 16—"Traveling Jib
Crane."

Fig. 8—"Model of Telfer
Span." (P. 9.)

Fig. 15—"Model of Telfer
Span."

Fig. 5 } "Windmill."
Fig. 19 } (Pp. 6, 17.)

Fig. 12—"Windmill."

Fig. 6—"Railway Signal."
(P. 7.)

Fig. 14—"Railway Signal."

Uncopyrighted 1910 Manual Continued.

1911 Copyrighted Manual Continued.

Fig. 19 — "Windmill." (P. 17.)

"Parts Required.

- 10 12½" Perforated Strips.
- 18 5½" Perforated Strips.
- 2 3½" Perforated Strips.
- 3 2½" Perforated Strips.
- 4 Angle Girders.
- 9 Angle Brackets.
- 1 5" Axle Rod.
- 1 Crank Handle.
- 2 1" Pulley Wheels.
- 1 Bush Wheel.
- 45 Nuts and Screws.
- 9 Keys.

Parts Required in addition
to Outfit No. 1.

- 4 12½" Perforated Strips.
- 8 5½" Perforated Strips.
- 1 3½" Perforated Strips.
- 4 Angle Girders.
- 15 Nuts and Screws.

"This model requires no special instructions. We would, however, say that with the assistance of the parts contained in the succeeding outfits a more elaborate mechanism may be arranged to enable it to be driven by an engine or other suitable motive power.

"This model also lends itself to further decorations by

Fig. 28 — "Windmill."

"Parts Required.

- 10 12½" Perforated Strips.
- 13 5½" Perforated Strips.
- 2 2½" Perforated Strips.
- 4 Angle Girders.
- 4 Angle Brackets.
- 1 5" Rod.
- 1 Crank Handle.
- 2 1" Pulley Wheels.
- 1 Bush Wheel.
- 37 Nuts and Bolts.
- 9 Keys.
- 2 Sector Plates.

Parts Required in addition
to Outfit No. 1.

- 6 12½" Perforated Strips.
- 9 5½" Perforated Strips.
- 4 Angle Girders.
- 1 5" Rod.
- 17 Nuts and Bolts.

"This model requires no special instructions. We would, however, say that with the assistance of the parts contained in the succeeding outfits a more elaborate mechanism may be arranged to enable it to be driven by an engine or other suitable motive power. This model lends itself to further decorations by means of col-

Uncopyrighted 1910 Manual Continued.

1911 Copyrighted Manual Continued.

means of colored ribbons used in place of cord lacings; or as streamers."

ored ribbons used in the place of the cord lacings; or as streamers."

Fig. 20—"Wheel." (P. 18.)

Fig. 29—"Wheel."

Fig. 4 } "Traveling Jib
Fig. 18 } Crane." (Pp. 5, 15.)

Fig. 27—"Traveling Jib
Crane."

Fig. 21—"Bridge with Signals."

Parts required
in addition to
Outfit
No. 1

"Parts Required.

6 12½" Perforated Strips
16 5½" Perforated Strips 6
2 3½" Perforated Strips 1

8 2½" Perforated Strips
2 Angle Girders 2
8 Angle Brackets
2 1" Pulley Wheels
50 Nuts and Bolts 20

Fig. 31—"Bridge with Signals."

"Parts Required.

6 12½" Perforated Strips.
16 5½" Perforated Strips.
2 3½" Perforated Strips.
8 2½" Perforated Strips.
2 Angle Girders.
8 Angle Brackets.
2 1" Pulley Wheels.
50 Nuts and Bolts.

Parts Required in addition
to Outfit No. 1.

2 12½" Perforated Strips.
12 5½" Perforated Strips.
1 3½" Perforated Strips.
2 Angle Girders.
30 Nuts and Bolts.

Fig. 30—"Cable Railway."
(P. 19.)

Fig. 41—"Cable Railway."

Fig. 34—"Swivelling and
Luffing Jib Crane." (P. 23.)

Fig. 45—"Swivelling and
Luffing Jib Crane."

Fig. 33—"Tower Wagon."
(P. 22.)

Fig. 43—"Tower Wagon."

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Continued. Continued.

Fig. 38 — "Inclined Delivery Shoot." (P. 28.)

Fig. 48 — "Inclined Delivery Shoot."

Fig. 37—"Fire Escape."

Fig. 49—"Fire Escape."

Fig. 35—"Pit Headgear." (P. 25.)

Fig. 46—"Pit Headgear."

"This is a most interesting model, showing the principle upon which minerals are raised from below the ground.

"This is a most interesting model, showing the principle upon which minerals are raised from below the ground."

"The front main uprights are formed by two angle girders overlapped in the third hole. Each of these two uprights are fastened together at the top by two angle brackets. Two $2\frac{1}{2}$ " strips are bolted horizontally at the top to carry the wheel over which the winding rope runs, and to connect the diagonal stays. To stiffen the structure one $5\frac{1}{2}$ " strip is fixed on each side connected in the eighteenth hole down on the upright, and the eleventh hole down on the stays. Two more $5\frac{1}{2}$ " strips are bolted together, and fastened on each side lower down.

"The front main uprights are formed by two angle girders overlapped in the third hole. Each of these two uprights are fastened together at the top by two angle brackets. Two $2\frac{1}{2}$ " strips are bolted horizontally at the top to carry the wheel over which the winding rope runs, and to connect the diagonal stays. To stiffen the structure one $5\frac{1}{2}$ " strip is fixed on each side connected in the eighteenth hole down on the upright, and the eleventh hole down on the stays. Two more $5\frac{1}{2}$ " strips are bolted together, and fastened on each side lower down."

"The framework in which the cage moves is formed by connecting a $5\frac{1}{2}$ " strip with a $12\frac{1}{2}$ " strip in the fourth hole to form the uprights.

"The framework in which the cage moves is formed by connecting a $5\frac{1}{2}$ " strip with a $12\frac{1}{2}$ " strip in the second hole to form the uprights.

Uncopyrighted 1910 Manual Continued.

These are connected by $5\frac{1}{2}$ " strips to the main uprights."

"The hoisting mechanism is operated by the crank handle, upon which is keyed a $\frac{3}{4}$ " pinion engaging a gear wheel connected with the spindle over which the hoisting rope is wound."

Fig. 36 — "Level Crossing Gates." (P. 26.)

"This model, if constructed with care, is a most admirable one, as the gates are opened simultaneously by the operation of one lever."

"Figure 36-b is an inverted perspective view showing the arrangement of operating cord 1 which is passed from the operating lever 2, around the corner pulleys 3, and back to lever 2. In order to obtain a better grip on the pulleys, it is desirable to wind the operating cord twice around them. It is to be noted that the cord 1 is wound in opposite directions around the diagonal pairs of pulleys 3."

Fig. 40 — "Flying Machine." (P. 29.)

"Most boys will have seen the Maxim Flying Machine

1911 Copyrighted Manual Continued.

These are connected by $5\frac{1}{2}$ " strips to the main uprights."

"The hoisting mechanism is operated by the crank handle, upon which is keyed a $\frac{3}{4}$ " pinion engaging a gear wheel connected with the spindle over which the hoisting rope is wound."

Fig. 47 — "Level Crossing Gates."

"This model, if constructed with care, is a most admirable one, as the gates are opened simultaneously by the operation of one lever."

"Fig. 47-b is an inverted view showing the arrangement of operating cord 1 which is passed from the operating lever 2 around the corner pulleys 3, and back to the lever 2. In order to obtain a better grip on the pulleys, it is desirable to wind the operating cord twice around them. It is to be noted that the cord 1 is wound in opposite directions around the diagonal pairs of pulleys 3."

Fig. 60 — "Flying Machine."

"Most boys will have seen the Maxim Flying Machine

**Uncopyrighted 1910 Manual
Continued.**

at work, and will hardly fail to be interested in constructing a working model of it."

Fig. 45 — "Warehouse with Elevator." (P. 36.)

Fig. 44 — "Trolley Crane." (P. 35.)

Fig. 42 — "Travelling Crane." (P. 32.) (See Barnes patent, 1881.)

Fig. 58 — "Telpher Line." (P. 48.)

"The figure represents a Telpher Line such as is used in hilly countries for transporting loads across intervening valleys."

Fig. 57 — "Signal Gantry." (P. 46.)

Fig. 55 — "Coal Tip." (P. 43.)

Fig. 54 — "Travelling Gantry." (P. 41.)

Fig. 59 — "Rotating Crane." (P. 49.)

Fig. 60 — "Flip-Flap." (P. 51.)

**1911 Copyrighted Manual
Continued.**

at work, and will hardly fail to be interested in constructing a working model of it."

Fig. 65 — "Warehouse with Elevator."

Fig. 44 — "Trolley Crane."

Fig. 61 — "Travelling Crane."

Fig. 64 — "Suspension Bridge."

Fig. 74 — "Telpher Line."

"This figure represents a Telpher Line such as used in hilly countries for transporting loads across intervening valleys."

Fig. 77 — "Signal Gantry."

Fig. 73 — "Coal Tip."

Fig. 75 — "Traveling Gantry."

Fig. 82 — "Rotating Crane."

Fig. 83 — "Flip-Flap."

Uncopyrighted 1910 Manual	1911 Copyrighted Manual
Continued.	Continued.

Fig. 62 — "Aeroplane." (P. 55.)	Fig. 62—"Aeroplane."
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Fig. 64—"Big Wheel." (P. 60.)	Fig. 86—"Big Wheel."
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P. 62. See table of "Contents of Outfits."

P. 46. See table of "Contents of Outfits."

Thus practically all the alleged copyrighted matter in the right-hand columns is old, uncopyrighted matter, previously published in the uncopyrighted manual circulated in 1910.

The names of the parts in the lists, as nuts and screws, angle brackets, perforated strips, perforated plates, were old, common terms open to every one to use.

The various names of the models enumerated in the right-hand columns, besides being, practically all of them, in the uncopyrighted 1910 manual, are names of common articles, as railway signals, step-ladder, go-chair, pulley shaft, windmill, ladder on wheels (common in shoe stores), traveling jib crane, swing, scales, etc.

Of the 66 models numbered and illustrated in Respondent's 1912 manual, but five models were referred to in Petitioner's comparisons made in the Ohio suit. The number of parts contained in each of the remaining 61 models varies so widely from Petitioner's that they did not invite comparison. The copyrights are clearly void.

The Court in that case selected defendant's Fig. 48 Respondent's 1912 manual for comparison with

plaintiff's Fig. 64, to show infringement, saying "the conclusion cannot be escaped that one was copied from the other." (Ohio Rec. 538.) We invite a close comparison.

Defendant's Fig 48 is a half-tone, Petitioner's a wood-cut; defendant's is about a fourth larger than Petitioner's; in Respondent's the tracks are above the floor beams, in Petitioner's below or in line with the beams; in Respondent's the engine is twice as large as Petitioner's, is a different type, and is shown from the front and not the rear. One is not a copy of the other. The principles of *Lamb v. Grand Rapids Furniture Co.*, 39 F. 474, apply forcibly.

This disposes of the claim that Respondent has infringed the copyrighted manuals or has done any act of unfair trade respecting the manuals.

System of Selling Supplementary Outfits Not Covered by Copyright.

"A claim to the exclusive property in a peculiar **system** of bookkeeping cannot, under the law of copyright, be maintained by the author of a treatise in which that system is exhibited and explained." (Head-note in *Baker v. Selden*, 101 U. S. 96, 106.)

So in this case, Petitioner cannot exclusively control the **system** of selling supplementary sets of toys. Besides this system is old in the Richter 1887 catalog and the Von Leistner-Harris Instruction Sheets, used in connection with the manufacture and sale in 1897 and later of the toys shown in the Von Leistner patent contained in this Record.

XIV.

Illegal Importation of Petitioner's 1911 Copyrighted Manuals, Exhibits 38 and 42, Printed in England Violates Copyright Statute.**A Question of Law this Court Appears Never to Have Decided.**

It is:

Can a foreign holder of a copyright of the United States maintain an action for alleged infringement thereof after exporting into the United States large quantities of the copyrighted work bearing the United States copyright notice but printed abroad, in contravention of Secs. 15 and 31 of the Copyright Act of 1909?

Upon the cross-examination of Mr. Hills, active man in the United States Sales Agency of Petitioner, the following situation developed:

(1) That between August, 1911, and August, 1912, from 10,000 to 15,000 individual sets of Meccano were sold in the United States.

(2) That each main outfit contained a copy of the 1911 copyrighted manuals of instruction, which were **printed in England** and were like the copies in evidence marked Plaintiff's Exhibits 38 and 42.

(3) That the boxes containing the outfits and 1911 copyrighted manuals were received into this country from England wrapped and sealed in a paper cover.

(4) That no manuals of instructions printed in the United States were shipped to England to be placed in boxes and re-shipped to America. (XQ. 434 *et seq.*, Ohio Rec. 222-3; RXQs. 487-90, *Ib.* 232.)

It also appeared from the cross-examination of Mr. Hills that not more than 200 copies each of manuals like 38 and 42 had been printed in the United States. (Ib. 222.)

What had been the source of the remaining thousands of manuals like Exhibits 38 and 42, which had been sold by Petitioner in this country bearing the copyright notice of the United States and which had not been manufactured here according to the requirements of the United States copyright law?

The Answer.

The answer to this question is best stated in the words of this representative of the Petitioner in the United States, who received these shipments from England containing specimens of the manuals like 38 and 42. Mr. Hills said:

"XQ. 437. Then, what would you say as to where those manuals were printed which were not printed in America, which bore the copyright notice of the United States and which were shipped from England in sealed boxes and thus sold to the public?

"A. I cannot state that definitely, but to the best of my knowledge these manuals were printed in England.

"XQ. 438. Then, to the best of your knowledge, manuals copyrighted in the United States, and bearing the copyright notice of the United States, were printed in England, and sold in America, is that true?

"A. Yes, that is correct." (Ib. 223.)

The Statute.

The importation, to the extent of many thousand copies of manuals printed in England, bearing the

copyright notice of the United States is a violation of the copyright law of March 4, 1909, Sec. 31. From the requirements of manufacture in this country already mentioned, compliance with which must be sworn to, and the penalty for violation of which is a fine of \$1,000 and forfeiture of the copyright, it is plainly evident that the whole spirit and letter of the Act of 1909 look to the **manufacture in the United States** of books eligible for copyright under the United States law, except in some few specified instances.

Sec. 31 says: "That during the existence of the American copyright in any book the importation into the United States of any piratical copies thereof or of any copies thereof (**although authorized by the author or proprietor**) which have not been produced in accordance with the manufacturing provisions specified in Sec. 15 of this Act * * * shall be, and is hereby, prohibited." (Black face ours.)

The Effect.

This section of the statute was violated wholesale by the importation into this country of thousands of manuals like 38 and 42, printed in England, and bearing the copyright notice of the United States.

The object of this conduct was to avoid compliance with the intent of the copyright law to have the works protected by American copyright manufactured in the United States, and nowhere else. To suit a convenience of this complainant it wilfully violated the statute and now comes into this Court asking the protection of the law under which it acquired these grants, after having violated in a wholesale manner

the same authority under which they now claim protection.

Penalty.

The result of this wilful violation of the statute is three-fold:

(1) The rights acquired, if any were, are lost. A wholesale violator of a statute cannot disregard the fundamental purpose of the whole law and still retain his rights under it, claiming its fruits and advantages.

(2) A violator of this statute is without "clean hands," and cannot come into a court of equity and ask for a recovery under the statute he has violated, whether there has been infringement or not. In this case, to the contrary, defendant has not infringed—is the producer of independent works protected by copyright.

(3) As the notices of copyright on these illegally imported manuals like 38 and 42 were notices that were printed in England, they were not notices at all under our copyright act, and hence the circulation of these imported manuals here was a dedication of their contents under this act.

The statute provides a particular remedy for cases of this sort, when the "importation does **not** involve wilful negligence or fraud." In that case, to protect mistaken parties, the lightest penalty is the deportation of all the offending publications, either by the Secretary of the Treasury, because the importation would be a violation of the custom revenue laws, or at the direction of a federal court. But in this case the time has passed by for this remedy, the offending manuals having in 1911 passed into the trade and

CONCLUSION

been long since lost; and the continued and persistent acts of complainant in the illegal importation for a year show "wilful negligence." Plaintiff, therefore, cannot now take anything under these copyrights.

On the whole, the copyright branch of the bill should, we submit, be dismissed for want of equity.

Conclusion.

We now feel justified in asking this Court to adjudge—

(1) That under the Singer case, Petitioner cannot erect at this time a perpetual or unending exclusive proprietary right in the functional mechanical elements in question for making models of larger known structures, such elements and the method of putting them together now belonging to the general public because of:

(a) The judicial termination of Petitioner's patent on which it sued.

(b) The full disclosure of this constructional toy system in the prior art on which said patent met its just end.

(2) That the judgment of the Circuit Court of Appeals for the Second Circuit was Right!

(3) That the judgment of the Circuit Court of Appeals for the Sixth Circuit was Wrong!

(4) That no case of copyright piracy has been made by Petitioner.

(5) That for the violation of the United States copyright act by the unlawful importation of Meccano Manuals, Petitioner has lost its copyright registrations.

And finally, we may say, that Petitioner, having hastened to bring the New York suit against Wanamaker before the Ohio suit matured into a final decree,

CONCLUSION

and having lost in the Wanamaker suit, is now insisting that the Ohio interlocutory decree is a final decree, just as though Petitioner had waited for it to become final.

The Court of Appeals for the Sixth Circuit itself defined its "decree entire" as "of an interlocutory character." It did this in its order of November 14, 1918, embodied in its return to the mandamus petition filed by the Ohio defendants. The order reads as follows:

"Ordered, upon application of the Meccano, Ltd., bearing date October 23, 1918, responded to on October 26th by the American Mechanical Toy Company, that the true intent and meaning of the order entered herein October 18th * * * [as to striking out portions of the decree entered by the lower Court] is that the decree entire be treated as one of an interlocutory character, so that the accounting and all steps looking to a final decree might be proceeded with in the ordinary and regular course of such cases." (P. 4 of the Response of the Court of Appeals for the Sixth Circuit filed on the Mandamus Petition.)

In concluding that response the Court of Appeals offered to make any order modifying this interlocutory decree that this Court might intimate without issuing a mandamus. They said:

"If it should appear to the Supreme Court that the balance of equities require a stay of proceedings in the District Court, as requested by the mandamus petition and the motion filed with us, and that we have jurisdiction to make such an order, we are entirely ready to comply with any announcement of the Supreme Court to that effect, and the issue of any writ of mandamus will be unnecessary." (P. 7 of the Response to the Mandamus Petition.)

CONCLUSION

If it had regarded its decree, entered at a former term, as a final decree, it would not have made this proposal. And we have just seen that it did define this "decree entire" as "interlocutory."

But Petitioner is urging that it be treated as final as to a part and interlocutory as to another part—the accounting. This would be to split the decree in two, one part being appealable within six months, under the Evarts Act, Sec. 11, and the other part within thirty days, under Sec. 7 of the same Act.

So to merely state the proposition of splitting a single decree into two characters, one final and the other interlocutory, is enough to defeat the proposition.

Congress recognized in the Evarts Act that there were two kinds of decrees, one final and appealable within six months, and the other interlocutory and appealable within thirty days. And up to that time there had been no appeals from the Circuit Courts to this Court except from final decrees—indeed, interlocutory decrees were not appealable at all in the Federal Courts and had never been, which was contrary to the practice in the House of Lords and the High Court of Chancery of England, where appeals were allowed from interlocutory decrees or orders. We have understood that it was this system of interlocutory appeals which led to the abuses so forcibly denounced in *Jarndyce and Jarndyce*.

And in recognition of the necessity for a final decree this Learned Court never entertained any appeals in cases of this kind until after the accounting had been completed and embodied in the ultimate decree of a lower Court. The reports of the decisions of this Court abound in instances where it reversed such final

CONCLUSION

decrees either on the patent questions or on the accounting questions, thus dealing with such decrees as final in character, because the question of recovery or no recovery, in profits and damages, was included in the decrees.

Respectfully submitted,

H. A. TOULMIN,

H. A. TOULMIN, Jr.,

Counsel for Respondent.

January, 1920.

Appendix.

Respondent's Memorandum Opposing Petitioner's Motion.

The poorly disguised purpose behind this motion is:

(a) To try and escape the direct presentation of the real question involved herein, to-wit, whether Petitioner can have a perpetual monopoly in this class of constructional toys notwithstanding that its patent has terminated; this being the question as to which the conflict of opinion has arisen between the two Courts of Appeals; and

(b) To try and make the real question in the case rather that of whether the Court of Appeals for the Second Circuit should have followed the Court of Appeals for the Sixth Circuit on some theory of *res adjudicata*, or estoppel, as advanced by Petitioner; on which theory its counsel seem to have greater hope with *Singer v. June* staring them in the face.

Scope of the Bill. (See pp. 4, 5, *Supra*.)

We there pointed out, and we repeat, that the bill of complaint against Respondent covers not only the toys and catalogues or trading manuals which have been purchased from the Ohio defendant, but also extends to and embraces any other constructional toys and trade manuals therefor by whomsoever produced—about a dozen different similar makes being on the market when this suit was brought. (Ohio Rec. 443 *et seq.*)

As also pointed out at page 5, *supra*, to avoid this broad effect of the bill, and in an endeavor to limit it

to the toys and catalogues Respondent bought from the Ohio manufacturer, Petitioner recently unsuccessfully sought to obtain leave from the District Court in New York, his Honor Judge Mayer, to so amend this bill as to confine its averments and prayers strictly to Respondent's business in the Ohio product. Judge Mayer, in denying said motion to reform and change the scope of the bill, said:

"This is a motion for leave to amend the complaint herein in certain respects, in order to limit the cause of action to unfair copyright infringement alone on account of 'American Model Builder' product and manuals alone, or, in the alternative, for leave to apply to the Supreme Court of the United States for permission to have such amendment filed in this Court.

"The views of the Circuit Court of Appeals for the Second Circuit are set forth in the opinions reported in 250 Fed. Rep. 250 and 450. * * *

"The application of plaintiff to amend is opposed by defendant, *inter alia*, on the following grounds:

"(2) That the proposed amendments narrow the charges against the defendant Wanamaker, and make out a case different from that made in the original bill now before the Supreme Court and that was before the Court of Appeals for the Second Circuit when it made its decision adverse to this plaintiff. And, therefore, the decision to be rendered by the Supreme Court, based on the allegations of the bill now before it, and defendant's answer and the proofs, may not be in harmony with the bill if changed by these amendments.

"(3) We also oppose the application to amend because the defendant has acquired certain affirmative rights and a certain status as respects the original bill as drawn, which attacked his right

to deal in toys of this character generally, while these amendments would restrict his right to deal in a particular toy of this character. The broader question is before the Supreme Court on the original bill. * * *

"* * * What is asked is that this Court shall permit the Complaint to be amended so as to change the scope or extent of the controversy now pending in the Supreme Court. If it be assumed, for the purpose of the argument, that the Court has the power sought to be invoked, I have great doubt as to the propriety of this Court entertaining the motion."

We note again the undisclosed real purpose of this proposal to "disclaim," and urge the following grounds in opposition to the motion:

Consent Respondent Essential to Change Scope of Bill.

(1) That this Respondent has never **consented** to this change in the scope of the bill under which it was brought into Court, and on which it has acquired its adjudicated right to sell constructional toys.

In *Chicago & Alton R. R. Co. v. Union Rolling Mill Co.*, 109 U. S. 702, 713, this Court said:

"But this latter rule [that complainant may dismiss a bill on payment of costs] is subject to a distinct and well-settled exception, namely, that after a decree, whether final or interlocutory, has been made, by which the rights of a party defendant have been adjudicated, or such proceedings have been taken as entitle the defendant to a decree, the complainant will not be allowed to dismiss his bill without the **consent of the defendant.**"

Lower Court Decided Case on Present Bill.

(2) That the Court of Appeals for the Second Cir-

cuit has adjudicated in favor of the Respondent the very point in issue as to which the Petitioner now, at this late date, seeks to amend or disclaim.

250 F. 250, (rendered on Petitioner's motion for a judgment on the merits).

250 F. 450, (rendered in reversing the injunctive order).

In respect to the first of these decisions the Court of Appeals for the Second Circuit held that the issues involved "not only the defendant's right to sell Wagner toys and manuals [the toys and manuals furnished by the Ohio manufacturer], **but any others which it may procure elsewhere**"; adding that they "had no right to assume" that Respondent had "abandoned all rights, except that of getting the toys and manuals" from Wagner. (250 F. 252; Rec. 147.)

Here was an adjudication made on the original bill by the Court of Appeals in favor of Respondent. To change that bill in the manner now proposed would be to deprive Respondent of this adjudicated right. And it was for this reason that the District Court in New York refused to allow Petitioner to amend its bill of complaint to the same effect as Petitioner now is attempting to do indirectly under the guise of a disclaimer.

In respect to the second of these decisions, the Court of Appeals held that Respondent could sell the competing toys of any make so long as Respondent did not palm them off as Petitioner's. The Court said:

"The defendant has, of course, the right to sell as much as it can of the outfit which gives it the greatest profit, and to press that outfit upon its customers as against the other." (The "other"

refers to the Meccano outfit.) 250 F. 452.

Here again the Court of Appeals adjudicated Petitioner's right to deal generally in these structural toys, and based that adjudication on the original bill which was not limited to the toys manufactured by the Ohio manufacturer.

In further support of these two grounds of opposition—that Respondent has never **consented** to have the bill changed in the manner proposed, and that Respondent holds an adjudication in its favor on the bill as originally drawn—the following cases are respectfully called to the attention of this Court:

Amendment Must Create No Disadvantage.

(1) That an amendment must not deprive the defendant of any defense or **create any disadvantage** to him. *Richmond v. Irons*, 121 U. S. 47.

No Substantial Amendment to be Made in This Court.

(2) That a party can make no substantial amendment in this Court. If the pleadings or evidence are so defective that no decree can be founded on them, but the case seems to have merit, then this Court will reverse the decree and remand the cause to the Court below with directions to permit amendments and further proof. That appears to be the course to take, rather than to permit here "substantial amendments." *Brig Caroline*, 7 Cranch 496, 500; *Mary Ann*, 8 Wheat. 380; *The Mabey*, 10 Wall. 419, 420.

Decision of Lower Court on Motion to Discontinue Not Reviewed Here.

(3) Unless there is an obvious violation of a fun-

damental rule of a court of equity or an abuse of the discretion of the Court, the decision of a motion for leave to discontinue will not be reviewed here. *Pullman Palace Car Co. v. Central Transportation Co.*, 171 U. S. 138, 146.

Petitioner's motion before Judge Mayer was an attempt, and this disclaimer is the same attempt under another guise, to discontinue part of this action. Under this *Pullman* case such a motion decided by the lower Court "will not be reviewed here." It was probably to avoid this rule laid down by this Court that Petitioner has sought to file this disclaimer, rather than to repeat here the motion it made before Judge Mayer, as the latter course would have, in effect, involved a review of his ruling.

Lower Courts' Decision on Motion to Amend Not Reviewable Here.

(4) Again, the general rule is well settled that amendments are discretionary with the Court below, and therefore, the allowance or refusal of amendments by the trial Court is not reviewable here, except for a clear abuse. *Mandeville v. Wilson*, 5 Cranch 15; *Gormelly v. Bunyan*, 138 U. S. 623; *Royal Insurance Co. v. Miller*, 199 U. S. 353; *Sawyer v. Piper*, 189 U. S. 154; *Bullett County v. Washer*, 130 U. S. 142.

This Court Will Not Direct Lower Court, Etc.

(5) This Court will not direct the Court below to allow the proceedings to be amended. *Sheeley v. Mandeville*, 6 Cranch 253.

Amendment Not Allowed to Change Quantity of Relief.

(6) It has been frequently decided that the amendment permitted by Equity Rule 29, that is, after replication, is not intended to permit the plaintiff to **strengthen his case, or change the character and quantity of relief**, but to enable the Court to do complete justice when a case for plaintiff is made out, and not specifically asked for in the prayer. *Richmond v. Irons*, 121 U. S. 47; *The Tremolo Patent*, 23 Wall. 527

Consent to Amendments Necessary.

(7) The practice in this Court when amendments are necessary is to remand the cause to the lower Court. The only exception to the rule is when counsel on both sides have agreed to the amendments. *Kennedy v. Georgia State Bank*, 8 How. 586, 611.

In view of these several considerations and of the cases cited we beg to submit that this belated attempt to amend or disclaim should not be allowed. They drew their bill as they desired. They then lost on it entirely. Now, at this late day, they wish to change the character and quantity of the relief, hoping thereby to strengthen their case or to create disadvantage to Respondent.

As Mr. Justice Matthews said in *Richmond v. Irons*:

"Undoubtedly great caution should be exercised when the application comes after the litigation has continued for some time. * * *"
(P. 47.)

And as also said by Mr. Justice Strong in the Tremolo case *supra*:

"It is true that an amendment which changes

the character of the bill ought not generally to be allowed after a case has been set for a hearing, and still less after it has been heard." (P. 527.)

All this is nothing short of experimenting with the Courts—having lost below with the bill in one form, they propose now to try it in this Court in another form.